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BASES OF AMERICAN FOREIGN POLICY DURING THE PAST FOUR YEARS

By Henry L. Stimson

THIS article is an attempt to indicate some of the general aims and purposes which have underlain the foreign policy of the Hoover Administration. In scope it is confined to the efforts which have been made towards political stabilization and peace, and does not attempt to take up the important efforts which have been made towards economic stabilization. Its object is to explain the principal steps taken in this one direction in the light of the conceptions and purposes which underlay them. It is an attempt to show the philosophy and creed of the Administration rather than to catalogue its actions.

One fundamental postulate of the Administration was that the experience of the World War had produced among the civilized, and particularly the industrialized, nations of the world, a definite turning point in the evolution of public opinion in respect to war. We believed that the revulsion against war, developed during and after that great struggle and exemplified by the expression that it was "a war to end war," was so definite that it should not be permitted to become merely transitory, as has been the case after former wars, but that there was a real chance to make it a vehicle for a permanent, beneficial change in world organization against war. We believed that there was a reasonable probability that such a change could now be predicated upon definite economic and evolutionary facts, and that it could be relied upon as a permanent foundation for the development of a new international effort. For the first time, the full effects of the mechanical inventions of the preceding century and the subsequent revolutionary changes in industrial and social organization had been made manifest in their relations to war. The leading

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nations of Europe and of North America had all become much less self-contained and much more interdependent. The populations of industrialized states had become much larger and more dependent for their food and other supplies upon far distant sources. These leading sections of the civilized world had thus become very much more vulnerable to war. On the other hand, the same mechanical progress had rendered modern armies larger and more destructive. By these changes the inconsistency of war with normal life had become much sharper and more acute, and its danger to civilization more emphatic. Modern civilization was thus shown to have become too fragile to endure the stress of modern war as a function of recognized international policy, and this fact was so generally recognized among the leaders of thought in these nations as to indicate that one of those periods in civilization had probably arrived when a very definite step forward in evolution could be taken. For ages, pioneer thinkers have looked forward to a time when public war may be superseded by pacific and judicial means of solving international disputes, just as individual combat has been superseded by such methods in solving individual disputes. In the light of the evolutionary factors which I have described, it seemed that now the time had arrived when that dream had a reasonable chance of becoming a reality.

Limitations and obstacles to this realization were of course apparent. Only among highly industrialized states can the full nature of the threat of war to civilization be appreciated, and such states, although leaders in the family of nations, still occupy only a comparatively small portion of the inhabited surface of the globe. The development of the theory of pacific and judicial settlement of disputes and of the still more important national self-control which accepts peacefully an unpopular decision, is even more restricted. Great tracts of the earth's surface are still occupied by races and tribes of men who are not only not so much incommoded by war as we are, but to whom its passions and destruction are much less abhorrent than they are to us. Yet the truth had to be recognized that in the world at large, political and commercial inter-connection had already so far developed that war anywhere in the world, even among those nations whose economic and social organization is less complicated, is always a potential danger to the rest of civilization. It is like a prairie fire; and a war once started in any portion of the

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earth is likely to envelop the whole. Nowhere can war be neglected as entirely innocuous to the rest of the world.

Furthermore, in the very face of the facts and the evidence which were making plain the necessity of curbing war and replacing it by less destructive international machinery, the experiences felt in the World War itself had developed in almost every nation a wave of extreme nationalistic feeling which tended to make such a solution more difficult. But however difficult such an outburst of nationalism might make the task, clearly that nationalism is only transitory and cannot in itself offer a permanent solution. Our own experiences since the war have already demonstrated that the people even of the United States, with all of their advantages of geographical situation and self-contained resources, cannot retire within their own borders and lead a life of isolation from their neighbors. The irresistible trend of discovery and invention, and of the trade and commerce and industrial organization which have been built upon them, has already gone too far and cannot be reversed. We have become too dependent upon the rest of the world for benefits and comforts which we will not give up. Irrevocable decision by mankind has already been taken, and the only direction in which progress can be made is forward.

The facts and principles which I have so roughly sketched out indicated the duty of including in future American foreign policy a vigorous attempt to support and develop the efforts which had already sprung up in the world to effect a new and broader organization of its peace machinery. The situation, of course, did not justify the abandonment of the reasonable measure of military and naval preparedness upon which this country traditionally has relied both for the stability of its internal order and as a defense against the accident of war; that measure, fortunately, has always been so moderate as not to furnish a provocation to other countries or an obstacle to such a development as I have mentioned.

The terrible economic depression which almost immediately enveloped every nation in the world served to render constructive progress much more difficult. On the other hand, the depression itself was universally recognized as a direct and inevitable result of the World War. It thus only served to demonstrate even more emphatically the importance of the principles we were trying to follow.

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In 1929, when Mr. Hoover's Administration came into office, the efforts which had been made by the nations during the past decade looking towards the political stabilization of the world could be classified roughly along two general lines — first, the steps which had been taken to liquidate some of the evils and perils resulting from the war in the form of excessive armaments, and second, the constructive efforts at a positive reorganization of international relations which were embodied in the Covenant of the League of Nations, the so-called Nine Power and Four Power Treaties of 1922, and the Pact of Paris.

In the first class, the only progress which had been made was in the direction of the limitation of naval construction. In 1922, in the Washington treaty limiting naval armament, the five leading naval Powers had taken a very definite and constructive step in the limitation of their capital ships. They had failed, however, in the effort to carry this restriction throughout the other categories of their respective fleets. During the succeeding eight years, a new rivalry in these other classes of their vessels, particularly in cruisers, had grown up between those nations. This rivalry had involved the United States and Great Britain and had produced considerable irritation in the public opinion of the two countries. This was particularly unfortunate, because these two nations by reason of their customs and traditions would be natural leaders in a commercial and non-military stabilization of the world. There was therefore presented not only a problem of great importance in respect to completing the work of terminating entirely naval competition and rivalry between the naval Powers, with all of its attendant dangers, but also one of perhaps even greater importance in these other indirect and psychological aspects. For this problem lay directly across the threshold of further progress in that development of mutual goodwill and leadership upon which the stabilization of the unsettled world depended.

Its solution was taken up by Mr. Hoover himself immediately after his inauguration. On his initiative, a proposal in this direction was made by Mr. Gibson, the American delegate, in a speech at one of the Preparatory Disarmament Conferences held in Geneva in April 1929 under the auspices of the League; and the suggestion was warmly reciprocated by Mr. Ramsay MacDonald's Labor Government when shortly thereafter it took over the reins in Great Britain. The two Governments then promptly

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proceeded to work out the details of the problem in a spirit of mutual goodwill and earnest coöperation. It is a truism in international conferences that patient and quiet negotiation is a necessary condition precedent to success. Agreement upon controversial questions and the reconciliation of antagonistic interests are not arrived at between nations by public debate. The public opinion of one country is not often persuaded by arguments put forward in another country, and the publicity which necessarily attends the formal meetings of an international conference usually serves only to make opposing leaders dig in deeper in their respective positions. Furthermore, the possibility of a reduction in armament usually depends upon the prior successful solution of some political problem, and the solution of this problem must therefore precede, and not follow, disarmament. In this case, fortunately, the only pertinent political question between Great Britain and the United States was the application of the principle of parity in naval power, and this principle had already been adopted by the two nations as to their capital ships. Owing to the differing requirements of the respective national defense of the two Powers, the application of the principle to cruisers presented considerable difficulty. But long and patient negotiation during the summer of 1929 brought them within the range of a fair compromise. Then followed the invitation to Prime Minister MacDonald to visit America, and his personality and tactful addresses while in this country assisted in arousing the requisite momentum of public sentiment for bridging the gap and overruling the extremists in both nations.

The Naval Conference at London followed in January 1930. The American and British Delegations speedily reached an agreement as to their navies, and then, by careful negotiation in which they no longer had differences with each other, they reached an agreement with Japan. A treaty was thus finally agreed upon between the three largest naval Powers, so evidently fair to each one as to enable it to be ratified by each of the respective home governments. The failure to obtain the assent of France and Italy, though regrettable, was far less important than the success of reaching a complete agreement as to the three largest navies. This failure was explicable by the dependence of the Franco-Italian naval problem upon certain peculiarly European political questions which, unlike those between the United States and Great Britain, had not previously been ironed out.

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These political problems being thus exclusively European in their nature, their solution had not been within the possible scope of American diplomacy.

The result of these negotiations, and of the Treaty which ensued, was to unite the Governments of Great Britain and the United States into a cordial working coöperation which lasted unimpaired throughout the joint duration of the two administrations which engineered it, and which also may be hoped to have laid a foundation of good understanding which will last much longer. It was an indispensable first step towards progress in other work of a more constructive nature.

The second class of efforts towards world stabilization during the decade before Mr. Hoover's Administration, included, as I have already said, the execution, among others, of the two treaties known as the League of Nations Covenant and the Pact of Paris. The former had been in operation for a decade and had met with a very considerable and encouraging success, principally in dealing with problems which had arisen in Europe during that time. In that Covenant there were provisions enabling the nations to be called into compulsory conference, on the threat of war, for the purpose of conciliation, as well as of investigation and public report. This machinery had on several occasions proved of value in the prevention of war. Furthermore, the regular conferences held periodically between representatives of the different member nations had developed a tendency among the nations to act in mutual coöperation to prevent war, and the discussions which took place at these conferences had proved to be effective agencies for the settlement of dangerous controversies and thus for war prevention. By these various means, there had been developed among the nations of Europe (which nations had been most active in the operation of the Covenant) a community spirit which was steadily working against war.

In 1919 the United States had declined to join the League of Nations. This decision, primarily based upon the policy of its people not to become entangled in the political affairs of the European Continent, with the activities of which the League was mainly concerned, also represented the disapproval by many American leaders of the proposal for the use of sanctions of force by the community of nations against a violator of the League Covenant. Mr. Hoover shared this latter disapproval. He also was fully alive to the wisdom of the traditional policy of this

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country, shared by other parliamentary nations, not to enter into undertakings binding the government to apply any sanctions to the undetermined facts of cases arising in the unknown future, instead of reserving each case for the independent judgment of the representatives of the nation at the time when it arose. On the other hand, he was quite prepared to have his government coöperate with moral sanctions in each single instance as it might arise where there was a direct interest of the United States involved, or where there was a major danger to the peace of the world.

The decision of 1919, and the political acrimony which had accompanied it, had resulted in almost complete abstention on the part of the United States from coöperation with the nations organized under the League. We were not only disentangled, but there was a strong tendency to become completely isolated. This was a serious handicap to all efforts towards world stabilization after the Great War. It not only deprived the world's peace efforts of the coöperation of the United States, with the potential strength of its enlightened moral influence, but the members of the League were constantly under a feeling of apprehension lest the efforts which they made through the machinery of the League might meet with frustration by reason of some different policy on our part. The waste as well as the danger of such a situation was manifest.

In 1928, under the administration of Mr. Coolidge, the Pact of Paris — the so-called Briand-Kellogg Pact — had been signed. In this Pact substantially all the nations of the world united in a Covenant in which they renounced war altogether as an instrument of national policy in their relations with one another, and agreed that the settlement of all disputes or conflicts of whatever nature among them should be sought only by pacific means. At the time when Mr. Hoover's Administration came into office this Pact had not yet been ratified by all of its signatories. It was still a mere document, as to the meaning of which there were not lacking scoffers who considered it a mere idle gesture without force or potency.

Mr. Hoover and his Administration took an entirely different view from these skeptics. From the beginning they recognized that in this Pact lay the basis of a system of organic law into the development of which the United States could throw its whole weight and strength; and from the day of the promulgation of its

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ratification on July 24, 1929, on each occasion when the meaning or efficacy of the Pact came into question, the determined aim of this Government was to follow out this development and to make the Pact a living force of law in the world. In accordance with this view, in October 1929, President Hoover joined with Mr. Ramsay MacDonald, the British Prime Minister, in a joint statement at the Rapidan, in which they declared: "Both our Governments resolve to accept the Peace Pact not only as a declaration of good intentions, but as a positive obligation to direct national policy in accordance with its pledge."

The Administration believed that under such an interpretation the Briand-Kellogg Pact might serve as a vehicle on the part of the United States for coöperation in the work of world stabilization and peace, and that it might perform this service while still conforming strictly to the American views against foreign entanglements and the use of force to promote peace, which I have described.

This policy has been consistently followed by the American Government in every successive issue which has arisen in respect to the Briand-Kellogg Pact. Thus in 1929 when hostilities threatened between Russia and China in Northern Manchuria, this Government made the Pact the basis of a communication with all of the fifty-odd signatories of the Pact, suggesting that they urge upon Russia and China a peaceful solution of the controversy. Again in 1931 when hostilities had broken out between the armed forces of Japan and China in Manchuria, and the situation had been brought before the Council of the League of Nations, which was sitting in Geneva and which thereupon took jurisdiction over it, this Government made the Pact the basis of a direct conference with those Powers on the subject of that controversy, and laid the foundation, through it, of coöperation with and encouragement towards those other nations in their efforts towards peace. These efforts resulted among other things in the creation of the Lytton Commission, whose unanimous report on that controversy has been one of the most significant steps ever taken under international coöperation in such a crisis.

Again, through its note of January 7, 1932, the American Government made the Pact the means of suggesting the policy of nonrecognition of the fruits of aggression, which was adopted unanimously in March 1932, at a meeting of all the nations in the Assembly of the League of Nations as a definite policy to be ap-

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plied in aid of the Covenant of the League and of the Pact of Paris. Again, more lately, in the same way, the Pact has been used as a means of organizing public opinion to prevent hostilities between Peru and Colombia in regard to Leticia on the part of the nations who were signatories of the Pact and also of those signatory of the Covenant of the League. In this latter case, the action taken by this Government under the Pact corresponded in all particulars with that taken simultaneously by the Council of the League; and thus the two treaties served to reinforce each other in the cause of organizing the public opinion of the world against a breach of the peace.

By this series of steps, taken pursuant to a consistent policy of interpretation of the Briand-Kellogg Pact, the foundations of a constructive policy of world stabilization have been laid in the following particulars.

First, there has been established a definite policy of consultation by this Government with the other governments of the world, on the subject of major emergencies. In crises where the peace of the world or the sanctity of international obligations were involved, we have broken through the false spell of isolation and have been enabled to throw into the scale the rightful weight and influence of the United States.

Second, by the same action the fear of working at cross purposes, or of even a positive clash with the League of Nations, has been minimized. The nations organized under the League Covenant have been relieved of their former apprehension and have been encouraged to work out the purposes of their own organization free from fear of avoidable misunderstanding with us.

Third, by these results the mobilization of an effective world opinion has been made not only more easy and prompt, but its potency and weight have been increased. In practically all of these cases it has been shown that an almost unanimous opinion among the nations could be organized and brought to bear upon a threatened breach of the peace.

These fundamental results have been attained by bringing to the clear and unambiguous language of the covenants contained in the Pact of Paris an interpretation which should be both courageous and sympathetic with the great purpose of that treaty. This interpretation has now received the compelling sanction of these successive precedents.

This conception of the creation by these multilateral treaties of

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a system of positive law among the nations, which should guide their course toward peace, is in basic accord with the view of the Administration as to the importance of adherence by the United States to the World Court. Under the direction of President Hoover this Government has signed the Protocol of Adherence to that Court and has urged its ratification by the Senate. In our opinion, the most important benefits which that great tribunal is destined to render to the world are probably not those confined to its solution of controversies between nations, but rather the broader and more permanent benefits which will come from the gradual development by its decisions of a harmonious and effective system of international law.

Some of the most important problems connected with the general task of stabilization and reorganization following the World War were situated in the Orient, and these problems were very directly connected with the United States. The principle of respect for the territorial and administrative integrity of China had for many years been the keystone of the "Open Door" policy agreed upon in various commitments between the Powers in and since 1899. After the close of the World War, this policy was reaffirmed at the Washington Conference and made a binding covenant in the so-called Nine Power Treaty, participated in by the principal Powers interested in the Orient. At that time, China had become engaged in an attempt to develop the free institutions of a self-governing republic, and during the World War and the period of the civil wars which had arisen in China after the fall of the Empire events had taken place which were regarded as a threat against China's territorial integrity. Accordingly, the Nine Power Treaty was adopted as a virtual covenant of self-denial among the signatory powers in respect to relations with China and as a part of a general policy to re-define on a basis of peace the situation in the Orient. The plan of stabilization thus arrived at was an important factor in making possible the Naval Disarmament Treaty, reducing the navies of the leading naval Powers and limiting the fortifications and naval bases in specified territories and possessions of those Powers in the Pacific. The end sought in the efforts of the successive administrations of this Government (as well as of other governments), which culminated in the treaties concluded at the Washington Conference, was that the interests of the various Powers in China should be preserved and safeguarded, not by the exercise of force but by an engagement

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on the part of each signatory to refrain from activities which might impede the development of China and prejudice the legitimate interests in China of the other signatories.

The military operations and other developments in Manchuria in the autumn of 1931 were followed in January 1932 by extensive military operations at and around Shanghai. The first of these operations presented questions relating to the administrative and territorial integrity of China, and the second set of operations directly involved also the immediate and tangible interests of Powers in no way party to the original issues out of which the conflict between China and Japan arose. In the case of the hostilities at Shanghai, the hazards and havoc of modern warfare could not be confined to the armed forces of the disputant Powers or to their nationals and property. The hostilities threw into confusion and danger one of the world's most important ports and occasioned damage, calculable and incalculable, to the property and interests of nations not at all party to the dispute between China and Japan.

In elucidation of the thought upon which were in part based its identic notes of January 7, 1932, to the Chinese and Japanese Governments (to which reference has already been made), the American Government on February 23, 1932, stated, by means of a public letter from the Secretary of State to Senator Borah, its views with regard to the relations of the Nine Power Treaty and the Pact of Paris to this situation and problem in the Far East. On March 11, the Assembly of the League of Nations, which had been vested with jurisdiction in respect to the Sino-Japanese controversy, by a unanimous vote (Japan refraining from voting) adopted a resolution declaring that "It is incumbent upon the members of the League of Nations not to recognize any situation, treaty, or agreement, which may be brought about by means contrary to the League of Nations or the Pact of Paris."

The principle of nonrecognition was thus recognized as implicit in the Covenant of the League. The Assembly resolution of March 11 has been one of the bases of the discussions which have taken place at Geneva since December last, and although the manner in which the provisions of the resolution may be implemented is a question which devolves upon states members of the League, reiteration by the League of this principle will estop the legalization of any situation or act prejudicial to the rights of the Powers whose interests in the Far East are evidenced by their participa-

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tion in the Nine Power Treaty. Faithful adherence to the terms of the resolution by those upon whom it is incumbent to observe them should adequately maintain in clear relief the aims which were sought in the conclusion of the Treaty. To those who are skeptical of the effectiveness of this course, it may be helpful to recall that the spokesman of the Tokyo Foreign Office, when announcing on May 11, 1932, the withdrawal of the Japanese forces from Shanghai, attributed (according to an Associated Press despatch from Tokyo) this decision to the desire of the Japanese Government to conform to world opinion and to "end world-wide odium which has fallen upon" Japan. It may be contended that this conclusion of the Shanghai incident cannot be regarded as presaging ultimately an analogous ending to developments in Manchuria. I believe that such a contention fails to take full account of the moral consciousness of a thoughtful nation which has in the past contributed in generous measure to the support of the peace movement.

This description of the fundamental purposes and philosophy of this Administration would not be complete without reference to the illustration furnished by its conduct towards Latin America. It has not hesitated to impose upon itself, in the interest of the development of the peace of the world, the same standards which it has insisted upon in respect to the world at large. It has not allowed the preponderance of the material and military power of the United States in this hemisphere to prescribe a different rule of conduct here from that which it has believed to be necessary to the development of peaceful relations elsewhere throughout the world. This has been true in spite of the fact that one of the localities which has called for the exercise of these principles has been the one spot external to our shores which nature has decreed to be most vital to our national safety, not to mention our prosperity, namely, the narrow isthmus of Central America and the islands of the Caribbean Sea commanding the entrance to the Panama Canal, that vital link in our national defense.

From the beginning, Mr. Hoover's Administration has been determined to better the relationship of this Government with our Latin American neighbors. We have sought to make our policy towards them so clear in its implications of justice and goodwill, in its avoidance of anything which could be even misconstrued into a policy of forceful intervention or a desire for exploitation of those republics and their citizens, as to reassure the

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most timid or suspicious among them. We have been withdrawing our marines as rapidly as possible from Santo Domingo, Haiti, and Nicaragua, completing in the last-named country, amid the grateful recognition of all of its parties, a successful educational experiment in the fundamentals of self-government in the shape of free elections. We have re-declared once again our national policy against the use of military pressure to collect business debts in foreign countries. We have promptly lent friendly assistance permitted by international law to the Mexican Government in quelling a military revolt against its authority. We have reëstablished the sensible practice of our forefathers as to the recognition of new governments in conformity with their rights to regulate their own internal affairs, and, in view of the economic depression and the consequent need for prompt measures of financial stabilization, have accorded to them recognition under this policy with as little delay as possible in order to give them the quickest possible opportunities for recovering their economic poise. We have coöperated with the Latin American states in their efforts to restore peace among their numbers in the Chaco and on the Amazon. We have completed the settlement of Tacna-Arica. And in social and intellectual ways we have endeavored to establish the nations of Latin America as our associates and our friends in intellectual and commercial intercourse. Mr. Hoover, as President-elect, visited them in a journey through South America for the very purpose of dissipating the fears and antagonisms which had grown up amongst some of them as to the intentions and policies of this Government. Subsequently, we have entertained as national guests the Presidents-elect of Mexico, Brazil, and Colombia. We have enlisted our great institutions in the undertaking of systematic intellectual exchange with them; and together with them the United States has become officially represented in many world conferences upon scientific and welfare advancement. These acts have all been designed to impress them, as well as the other nations of the world, that the United States is aiming for progress by the creation of good will and human advancement, and not by exploitation.

In the foregoing article I have attempted to describe the mainsprings of purpose which have actuated Mr. Hoover's Administration in the efforts which it has directed towards the organization of peace and stability in the world. In such a world effort, the spirit of mutual confidence and good will on the part of the re-

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spective nations is necessarily the controlling factor. Proper machinery of organization can furnish only the vehicle by which the efforts of such a spirit may be facilitated and not thwarted.

During the years through which we have labored the task has been made infinitely more difficult by the world's economic distress, which many times and in many places has brought bitterness of spirit and destroyed hopefulness and good will. Nevertheless I believe that important foundations of progress have been laid, upon which it will be possible for an enduring structure to be erected by the labors of our successors.

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NECESSARY CHANGES IN OUR COMMERCIAL POLICY

By F. W. Taussig

THE policy of the United States regarding reciprocal trade arrangements with other countries has gone through several phases; and it now seems likely to enter another. The direct and immediate effect of a realignment is easily exaggerated. Moreover, it seems a dry subject, involving details about processes of negotiation. And yet, in its underlying essentials it has a very great importance. The spirit and temper in which it is approached make an enormous difference in our relations with other countries, in our own gains or losses when trading with them, in our influence on the whole course of world development. In what follows I shall deal with the arid details only so far as some knowledge of them is necessary in order to understand this particular situation. My main purpose will be to direct attention to the larger lessons.

Our present policy regarding reciprocal trade arrangements dates in part from 1909, in part from the first half of the decade 1920–30. It rests to some extent on diplomatic action, mainly on legislation. The legislative provisions go back to the tariff act of 1909, when the previous reciprocity provisions of 1897 were abolished, and it was enacted that the United States would deal with foreign countries simply and solely on the penalty basis — the threat basis, or, if you please, the holding up of a club. The duties then imposed (with the extraordinary detail that appears in all our tariff acts) were expressly stated to constitute the minimum tariff of the United States. The maximum was, on each several rate, 25 percent in addition. This maximum tariff the President was authorized to apply to imports from a country which in any way "unduly discriminated" against the United States. The minimum tariff — that is, the real tariff — was under no circumstances to be lowered. That is, the United States offered nothing in the way of concession; we simply threatened the foreign countries if they "unduly discriminated."

Substantially the same was enacted in 1922, when the next high tariff came.[1] In 1922 nothing was expressly said about a minimum

[1] The provisions of the act of 1913 need not concern us; the World War prevented them from being of substantive effect.

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tariff. But the President was again authorized to impose additional duties on imports from any country which "discriminates in fact" against the United States, or "imposes any unequal imposition or discriminations." If the President finds that "any benefits accrue or are likely to accrue to any industry in any foreign country" from the imposition or discrimination, he may cause to be levied additional duties of our own, not to exceed 50 percent, "to offset such benefits."

Finally, the tariff act of 1930 — that now in force — not only pursues this policy, but pushes it a step further. As in 1922, there is no specific mention of a minimum tariff. As in that act, additional duties may be imposed by the President, up to 50 percent, on imports from any country imposing on our products "any unreasonable charge . . . which is not equally enforced upon the like articles of *every* foreign country" (italics mine). But a weapon even stronger is put in his hands. If the country maintains or increases its discriminations, he may completely exclude its products from importation into the United States.

All this constitutes what may be called, to repeat, the club policy. We make no offer. We fix our own duties quite as we please, and quite unalterably. With each successive tariff act, we shove them higher and higher. We make them applicable to all countries without mitigation. And then we insist that all countries shall in turn treat us just as well as they treat any third country. If any one of them grants a favor or reduction to another, this must automatically inure to us also. If not, the President has the club in his hands. He may impose heavy additional duties on their products, may even exclude them entirely.

Turn now to the diplomatic side of our policy. This brings in specifically the most-favored-nation clause. At the date of the passage of the tariff act of 1922, the State Department at Washington inaugurated an abrupt change from what had been the historic attitude of the country. Previously we had fought shy of most-favored-nation agreements or contracts; that is, agreements by which we should agree, completely and unqualifiedly, to apply to the imports of the contracting country rates as low as are applied to any other country whatever. We had been ready to grant only "conditional" most-favored-nation treatment; that is, we gave the "favorable" treatment, not once for all and without qualification, but only to such extent as we deemed a fair equivalent for what was conceded by the other country to the bargain.

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This earlier practice engendered its troubles, about which it is enough at this point to say that endless bickerings resulted and no happy results were attained. The practice has virtually disappeared; some left-over scraps of treaties of this type are still listed as in effect, but they mean nothing.

In 1922 the State Department, under the leadership of Mr. Justice Hughes, then Secretary of State, turned the other way, and began the negotiation of treaties on the other and unequivocal basis: unconditional most-favored treatment on both sides. This was in accord with the recommendation made in 1918–19 by the United States Tariff Commission, of which I then was Chairman. In a very full and indeed exhaustive report, the Commission narrated and analyzed the working of the earlier policy, concluded that it had been unsatisfactory, urged the adoption of the other. This latter procedure was adopted. Treaties on the new basis were concluded with some half-dozen countries. How these treaties came about, and what they mean, will be explained presently.

Such are the two sides of the general framework — the legislative and the diplomatic. They fit together perfectly. The principle is that we shall settle our tariff rates as we please, and then apply them equally to all comers. We give all countries the same treatment; each and every one is "most favored." We insist on the other hand that we too shall be treated with perfect equality — that we too shall be in as good a position as *their* "most favored." It is all quite simple, quite logical, entirely consistent. But as applied by us in practice, it can bring about no good result. On the contrary it proves not to improve or extend commercial relations, but to be a breeder of friction, animosity, commercial warfare.

The explanation of this sad failure is to be found in the way in which we have worked the plan. Formally, we have worked it quite in accord with the rules. Substantially, we have done nothing of the kind. What is expected to lie underneath the most-favored-nation arrangements is that *there shall be some favor*. We have considered it, however, merely as a means of securing equal terms to us and from us; and this equality of treatment, so far as our side is concerned, in fact is an equality not of favorable treatment, but of equally bad treatment all around. We raise duties pitilessly and rigidly. The State Department, when negotiating treaties, can hold out no prospect of any reduction or mitigation

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on our side. But if any other country makes an arrangement with a third involving mutual concession between them, we say we must have those same concessions. If they are not forthcoming, we hold up the club. The President has the power to impose additional rates on the offending country's goods, even exclude them entirely.

This is a quite untenable position. The result which it was expected to attain has proved impossible of realization. A country which we approach for good treatment — for the best treatment which it gives to any other — finds that nothing is to be gained by an agreement with us; and moreover its self-respect and pride are hurt by our holding out a threat. Our tariff legislation makes our duties virtually prohibitory on most imports; and when there prove to be after all some scraps of imports which happen to get over the barrier, we proceed to put on still higher duties to make sure of keeping out all goods possibly competitive. Our policy through this century — always setting aside the tariff of 1913 — has been to admit only those articles which we cannot produce, such as tea, coffee, rubber. Of course, literally speaking, we *can* produce even these, by methods such as Adam Smith satirized when he spoke of the possibility of growing grapes in hot-houses in Scotland; but this exemplifies only the lack of logic in the procedure, not its lack of rigor. The actual situation is that our imports consist mainly of these quasi-exotic things. Hence — to digress for a moment — the average rate of duty on all imports, free and dutiable taken together, is low. This low average, curiously enough, is not infrequently adduced to show that after all our tariff is really a moderate one. Obviously, on such reasoning, rates that were completely prohibitive on all the competing imports would be the most moderate of all; for then only the non-competing imports would continue, the average rate on the competing imports would be zero, and the average rate on all imports would be low. As regards the competing imports, which alone enter in the present discussion, we offer nothing but bad treatment when we offer equal treatment. We cannot expect such an offer to elicit a favorable response. The club may indeed then be lifted, but what does the other party care? We have already done practically all the damage it could inflict. The natural answer to an overture of the kind is — go your own way and let us alone.

That this is the real outcome is made more clear by an inspection of the few treaty arrangements which happen to have been

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concluded on the new basis. The diplomatic side of our policy, it appears, has made little headway, indeed virtually none. The only treaties on the most-favored-nation basis which might seem to have importance are with Germany, Hungary, Austria. A few others, with China, Estonia, Latvia, Turkey, may be disregarded. The three first mentioned are the countries of Central Europe which were our enemies during the World War, and which have been under obvious inducements to get on good terms with us in the period since the war. They have welcomed a gesture from us that at least purports to be friendly, and they have made a friendly gesture in return. Their industrial structures have been highly unstable; indeed, they have well nigh succumbed. Their imports from us have been in the main things urgently needed by them. They were in no position to protest, still less to bargain, as regards our own duties on their products. Their adherence gives no indication of real progress toward carrying out the new policy.

When it comes to countries not thus handicapped in their relations with us, not a treaty has been made. There are our former allies — Great Britain, Canada and the other constituents of the British Empire; Belgium, France, Italy, Greece, Japan; the former neutral countries of Europe, Holland, Denmark, Sweden, Norway; and the South American countries — not one has had any interest in our program. Most significant and most regrettable of this is our unfriendly commercial relation with the Dominion of Canada, our nearest neighbor, our best customer, the country that should be our warmest friend and indeed remains, I fully believe, at heart strongly attached to us, notwithstanding the harsh and even boorish manner in which we have so long dealt with her. We have not only failed to attract Canada, but have alienated her; let us hope, not irrevocably.

One other element in this deplorable situation is to be noted. While we have the club ready, we dare not use it. I cannot conceive that, if a country should refuse to give us most-favored-nation treatment and go its own way in negotiations with others, a President would apply the penalties which the law puts into his hands. The extreme protective system is at bay. It has been so extreme that even among its own leaders there is much shaking of the heads. To make the rates even higher than they are, by adding 50 percent to the figures of 1922 and 1930 (not to mention the complete prohibition which is authorized by the law) is something

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no President would venture to do. Looking at the situation as a whole, we find ourselves virtually stalled.

What now should be done? My conclusion is that the whole present policy should be scrapped; that this pretense of a general most-favored-nation system should be given up; and that the next practicable step is to make separate arrangements for reciprocal reductions of duty.

I come to this conclusion with regret. It seems, at least at first sight, to be quite out of accord with recommendations to which I gave cordial assent a decade or so ago when Chairman of the Tariff Commission. In the Report of the Commission the policy which I now propose was condemned, and the adoption of the most-favored-nation policy was urged. The change of heart which appears in the conclusion just stated is explained by the course of events in the last ten years. The Tariff Commission Report was prepared in 1917–18, submitted to Congress in December 1918, and printed in 1919. At that period the tariff act of 1913 was in effect; and while it was more than probable that its provisions would soon be modified, no one could foresee the marked upturn of all rates which came in the tariff act of 1922, and the equally marked upturn which followed in the act of 1930. Had there been some salvage of the moderate rates of 1913, we might have had something to offer under the most-favored-nation policy. As it was, our tariff legislation of 1922 was such as to make impracticable the most-favored-nation policy at the very time when it was nominally established and when the State Department tried to carry it out. The successful working of that policy rests, to repeat, on giving actuality to the term "favors;" whereas our tariff acts have sternly set their face against favors of any kind.

The belief that separate bargains with individual countries now constitute the first steps toward a solution of the troublesome problem is based on the international and domestic situation as it now stands. An entirely fresh start might indeed conceivably be made by us with a new general tariff act, of a reasonable character; with general provisions for reductions going far enough to mean something to other countries, and with equality of this favorable treatment for all countries that treated us in like manner. Much can be said for a simple and straightforward policy of this kind. Much can be said, also, against the policy of separate treaties. It does lead often to bargaining and bickering. It lends itself to pressure by interested persons. The negotiators

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are tempted to try to get the better of each other, to make a show of doing a smart thing. The real result aimed at — a loosening of the restrictions on commerce between nations — is in danger of being buried in the mass of details. These dangers and disadvantages inhere in the procedure. But it seems now to be the only practicable one for progress toward the goal. Our tariff is so complex, and the difficulty of a general overhauling is so great, that the problem of revision had best be taken up piece by piece, schedule by schedule. The same complexities and difficulties appear, unhappily, in the tariffs of other countries. The world all around is in a situation where the only available resource seems to be patchwork.

It is not impossible, fortunately, that in this case patchwork may lead in the end to something well knit and durable. Successive negotiations with the several countries may proceed on similar lines, and may bring harmony in the results. The eventual outcome may not be essentially different from what it would be if a most-favored-nation program were laid down at the start. Everyone will admit that continuity and consistency are eminently to be desired. Our commercial policy has lacked these qualities, mainly because our tariff legislation has lacked them. Let us hope that something better will gradually evolve. The program of separate negotiation is to be regarded as the immediate practicable step toward an ultimate good solution.

It would be futile for any individual to try to work out a detailed plan for the action which Congress should take. One prime essential is that the executive should have authority to offer favors definitively — something in the way of assured reductions of duty. It is hopeless to expect any consistent or effective action if each individual treaty must have a two-thirds vote in the Senate. The form authorized might easily be that of reduction of our duties by a stated percent. There need not be the same scale of reduction all around; yet preferably (it would seem) uniform for a given schedule or for a given set of articles within a schedule. Reciprocal extensions of the free list are also much to be desired. The difficulties inherent in such matters are all too familiar. Our long-established habit or tradition is that every representative and senator is on the watch for the supposed interest of his local constituents. Quite as firmly established is the habit of exaggerating grossly the real effects alike of an increase or a decrease of duties. There will be an enormous amount of

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frothy talk, with predictions of disaster from the slightest change. And there is always the danger of log-rolling and of deals. No worth-while program of legislation on the tariff can be carried out unless the leaders in Washington — the guiding spirits in the executive as well as in the legislative branches — have some settled policy and a firm purpose.

All of the preceding relates to mere machinery — to the ways in which better commercial relations can be brought about. The heart of the matter, needless to say, is that the interdependence of the nations of the world should be recognized as the basis for action.

It is not to be expected that changes of the kind here considered will have immediate consequences of large substantial importance. The really important effects of all tariff changes — up or down — work themselves out slowly. The industries in the various countries and the currents of trade between countries gradually adjust themselves, and it is only after a stage of transition that the enduring benefits come. But immediate consequences there are also, and in the present juncture these are in many ways the more important. The psychological factor plays a great part just now. Among the obstacles to recovery from the universal depression one of the most obvious is a panicky breakdown of the usual course of international trade. Not only is there a great decline in the physical movement of trade, but a disastrous decline in the prices of goods and so in the total money volume of trade; which in turn reacts to lessen still more the physical volume. The fall in prices in good part has been inevitable; how largely inevitable, or to what extent preventable, it would be hard to say. As regards the physical volume the decline has been in less degree inevitable. It is caused, or at all events greatly promoted, by bad legislation and bad international relations. The monetary system of the world is out of joint. The gold standard, which after all remains the best attainable basis of smooth and calculable transactions between nations, cannot bring about its good results unless there is a fairly wide distribution of the metal among the nations. Its breakdown in so many countries, those of the British Empire conspicuously, has led to the evils so sadly familiar: fluctuating rates of foreign exchange; artificial promotion of exports here and imports there; fears of further fluctuation; and then further spasmodic drops in exports and imports. Duties are pushed higher and higher in vain endeavor to check

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the disturbances, quotas and prohibitions are resorted to, trade is entangled and half-throttled in every quarter. The tale is a long and weary one, much of it still obscure and difficult to follow. But one thing is outstanding: uncertainty and fear have played a great part. There has been uncertainty as to the extent of trade which will still go on; and fear of still further breakdown, in the political spheres as well as in the economic.

The problems constitute a whole; but they can be broken into separate parts. The monetary problem is one; the inter-allied debts, political as well as commercial, are another; the tariff relations, with which this paper is concerned, a third. No one of them, still less the whole, can be settled at a stroke. But we can move in the right direction with all of them. As regards the tariff relations, the right direction is easy to see. This country has taken the wrong path, and has set a demoralizing example, by pushing its duties higher and higher, with the pretext and the boast that here is the one cure for adversity, the one way to prosperity. Now that it is obvious even to the man on the street that all this has been an abject failure, let us turn to the better way; loosen our restrictions on foreign trade, encourage other countries to loosen theirs, turn from economic threat and economic war to friendly offer and friendly intercourse. That way let us make a start, bit by bit, with care and caution, but with unequivocal act and intent, and in the right direction once for all.

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THE TASKS OF THE WORLD ECONOMIC CONFERENCE

By Sir Walter Layton

NONE of the long and apparently interminable series of international conferences that have met since the war — with the exception of the Peace Conference itself — has been charged with more vital importance or anticipated with more hopefulness, not unmixed with anxiety, than the World Economic Conference which is to meet in London this year. This is due to the now almost universal recognition of the fact that the economic crisis cannot be solved, and can hardly even be palliated, by the action of individual governments. It has now been abundantly proved that independent action, unless very wisely conceived and studied in its reaction upon other countries, is likely to deepen the general depression, and that any benefits which accrue to an individual nation are at best only relative. In short, there has rarely been a clearer case of a vicious circle, or one on a larger scale.

Nearly every government in the world, for example, has tried to protect its national economy by a restriction of its imports. The more countries take such action, the stronger is the inducement for others to do so; and the more futile it becomes for all together, since every nation's imports are some other nation's exports. The process is obviously a suicidal one; yet none of the countries caught in the circle dares singly to step outside it for fear of becoming a dumping ground for other countries' exports, without being able to expand its own. For this reason, the progressive decline in the trade and production of the world can only be halted by coöperative agreement between the nations. To achieve this not only in commercial matters, but in financial and monetary policy also, is the task of the Conference.

It is to be hoped that the idea of a common aim will inspire the work of the Conference when it meets. In previous meetings, whether primarily of a financial or a political nature, the task has too often been to effect a compromise between objectives which were mutually irreconcilable. That ought not to be the case in London. Some countries, it is true, attach more importance than others to the stabilization of currencies now off the gold standard, others emphasize the need for a reduction of tariffs or the re-

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moval of quotas and exchange restrictions. But the true interests of the conferring parties are not divergent; they are virtually identical. No country in the world has an interest in the maintenance of barriers to trade or in perpetuating a state of instability in the world's international financial system, and consequently no country should be in a position to exact a price for its concurrence. To speak of the Conference in terms of bargains to be struck or concessions to be exacted is to make a profound and dangerous mistake.

II

Before the Conference can meet with any prospect of a satisfactory outcome, two prerequisite conditions must be attained. The first is a slackening of political tension. If the Conference is to be a success, every government will need not only courage, but a considerable trust in the good faith of others. A great deal can be done along these lines by purely European action without external assistance. Serious attempts are being made to find peaceful solutions to some of the current controversies, notably those between France and Italy and between France and Germany, and any success will be immediately reflected in the Disarmament Conference. The attitude of the American Government has also for some time past been increasingly helpful. In this connection the declarations made by Mr. Stimson in January and August of last year, which indicated a cautious approach to a promise of consultation, have been gratefully noted, particularly in view of the difficulties facing any American administration which wishes to define the attitude of the United States towards possible future wars. The Economic Conference need not wait for the final solution of the problems of disarmament and security; but if in a few months' time a definite advance towards solution seems more possible than it does at present, the resultant improvement in the political atmosphere will make it possible to thaw out some of the distrust which is now paralyzing the commerce and industry of the world.

The other condition precedent is a final solution of the problem of the war debts. Expert opinion, by no means entirely European in its composition, has for long been unanimous on this point. The Committee of Experts under the Young Plan, which met at Basel in December 1931, placed the question of inter-governmental payments — including both reparations and

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war debts — in the forefront of their recommendations, and largely as a result of this report reparations were provisionally settled and the debts of the European nations to each other suspended at Lausanne last summer. Since the end of the Lausanne Conference, the board of the Bank for International Settlements has recorded a similar opinion from the point of view of monetary reconstruction, while the Preparatory Commission of Experts for the World Economic Conference have stated in their report that "until there is such a settlement, or the definite prospect of such a settlement, these debts will remain an insuperable barrier to economic and financial reconstruction."

It will be observed that the Commission regards this problem as a "condition precedent" rather than as a positive step towards recovery. This does not mean that an agreement would in itself have no effect on the economic situation. On the contrary, it would be welcomed throughout the world as a convincing demonstration of American goodwill and of the determination of the United States to coöperate in the tasks of reconstruction. Indeed, the clearing from the path of so troublesome and obdurate a problem might well be expected, like the agreement of Lausanne last summer, to give an upward impetus to confidence and to the price-level.

But let us not harbor any illusions. Whatever view we may take of the rôle played by the attempt to collect these vast governmental debts in causing the original disequilibrium which brought on the slump, it is now quite obvious that the depression, once started, has developed on a scale out of all proportion to the amounts involved in the debts. It is estimated, for example, that the annual national income of the United States must have shrunk by at least 30 billion dollars since 1929 — an amount three times as great as the whole capital value of the original debts and one hundred times the amount of one annuity. The value of the total foreign trade of the United States in 1932 was only a fraction over 30 percent of its 1929 value. Customs receipts alone have fallen in three years by an amount roughly equal to the scheduled debt annuities for 1933. As a result of declines of this order, reproduced in greater or less measure in every country of the world, the complexity and magnitude of the general problem facing the world are now immensely beyond those of the war debts alone. In these circumstances, even the complete cancellation of the debts would not set us again on the upward slope.

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But a solution of the question is the first step; for if an attempt were now made to resume the payments, the psychological effect on the mentality of the whole world and the direct effect upon the foreign exchanges and money markets would inevitably be such as to give the world a fresh push down hill. From any such further deterioration the United States in general stands to lose as much as any other country, and if it occurs the actual monetary loss to the American treasury would far exceed the annuities which could be collected. On the other hand, no nation is in a position to say what policy it can pursue either in the monetary or the commercial field so long as the question remains unsettled.

It would not be appropriate to discuss here the possible details of a settlement, as negotiations between the United States and some of the debtor countries may be in progress when this article appears. On the other hand, these negotiations are more likely to succeed if each nation understands the other's point of view. It may therefore be helpful to indicate briefly some aspects of British opinion towards the problem.

In the British view, the war debts cannot be made the subject of a bargain. In the first place, revision is not asked in our interests alone; and any relief will be passed on to our own debtors. But an even more fundamental objection is that the proposed steps to be taken by Great Britain as a *quid pro quo* depend on a whole series of international considerations. It has now been suggested, for instance, that remission of the British war debt might be exchanged for the stabilization of the pound sterling. But remission of the debt would not by itself make it possible to stabilize sterling. The last British payment to the American treasury (with the exception of that made in December last) was made several months before the pound began to depreciate, and even if the debts were entirely cancelled, the causes which brought about that depreciation would still remain, unless world conditions radically changed.

A similar argument applies to the suggestion that the debts should be remitted in return for tariff concessions which would enable the debtors to increase their purchases of American goods. The fact is that inability to make the payments has not arisen because the debtor nations have been buying too little from America, but because America has been buying too little from the debtors. The only tariff barrier a lowering of which has any

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relevance to the problem of the war debts is that of the United States itself.

There is, moreover, another aspect of the debt question which must be mentioned because of its bearing on procedure and on the kind of discussions that may take place in the next few months. The debtor countries make no complaint if the United States insists on negotiating separately with each of them on debts, which are regarded at Washington as business transactions, juridically unconnected either with reparations or with war-loan obligations between the debtors themselves. But it is unreasonable to expect Europe to share this American viewpoint; and Britain, with her obligations under the League Covenant and as a signatory of the Treaty of Versailles, must inevitably look at the matter from the angle of a European Power. Practically and politically, reparations and war debts are inseparable factors in a single problem touching deeply international relationships and involving every European country — including Germany — which stands in the position either of debtor or debtor-creditor on war account.

The feeling is very widespread in Great Britain that it would be inequitable that a country which lent more to its associates for war purposes than it borrowed should be called upon in a final settlement not merely to collect from its own taxpayers, but to transfer abroad, a net sum out of its own resources. But, if we do not do this and if we attempt to collect from Europe whatever we may have to pay to America, we should in fact be fixing in our negotiations at Washington the scale of the demands which we would subsequently have to make on France and Italy. It would obviously be unreasonable for us to do this without consultation with those countries, particularly having regard to the fact that their ability to meet their debt to us must to some extent depend on what they themselves agree to pay to the United States. In other words, though negotiations may be conducted separately, there can be no final settlement until all the chief items in the account have been settled.

This does not mean that the European debtors have created a "united front" to bargain with the United States. Indeed, the action taken last December shows that each of us retains our liberty of independent action. It is merely a recognition of the fact that these payments are inevitably linked together both economically and politically, and explains why the British Cabinet and Parliament would be unlikely to ratify any settlement

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the general lines of which might be worked out in the Anglo-American negotiations, until the final balance sheet of all these inter-governmental debts has been drawn up and the way thus paved for the larger tasks of the World Conference.

III

The main work of the Economic Conference falls under one or other of two main heads, *viz.*, the restoration of order in monetary and financial matters, and the liberation of international trade from the restrictions which are throttling it. The annotated agenda drawn up by the Preparatory Commission places the financial questions ahead of the commercial questions. But they have clearly stated that this order is one of convenience only and does not signify priority either in time or importance. Indeed, it is of the utmost importance to stress the particularly vital character of the second group of questions. The monetary mechanism of the world has broken down as a result of the depression, and the breakdown has intensified the crisis and caused it to spread throughout the whole economic world. But in the last analysis finance must be the servant of trade and production and not their master. A sound financial system is a condition of economic expansion, but it can do little to create it. In attempting to restore the economic activity of the world we must not repeat the mistake made ten years ago of trying to reëstablish an international financial system without first making certain that the economic background is such that the world is free to develop as an economic unit. An international financial system and economic nationalism are mutually incompatible. If, therefore, on the financial side, a full restoration of the gold standard is to be possible, action on the economic side must go much further than a mere restoration of the *status quo* of 1929; indeed, what is needed is nothing less than a reversal of the whole trend of tariff policy since the war. The magnitude and vital necessity of this task constitute it the major problem before the Conference.

The two sides of the Conference's work, however, cannot be kept in watertight compartments. They are interlocking, and the solution of one set of problems is dependent on the solution of the other. An illustration of this can be drawn from the controversy which has arisen over the stabilization of the pound sterling. The representatives of the gold countries urge that it will be impossible to modify their trade policy as long as sterling is fluctuat-

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ing in value. The countries that are off gold, on the other hand, declare that it will be impossible to stabilize their currencies and fix new parities of exchange between them and the gold countries until a very large measure of freedom of movement of goods and capital has been restored. The impasse thus created can only be overcome if the two problems are dealt with together. Similarly it would be very difficult to remove the exchange restrictions and import quotas imposed by many states of Central Europe and South America until capital is ready once more to flow into these countries; but new capital will not be attracted if the exports of debtor countries are so obstructed that they cannot earn the foreign exchange needed to meet the service and repayment even of existing debts. Here again the two sides of the problem must be handled together.

Each of the two main divisions of the agenda contains a number of separate but interlocking problems, the chief of which have been set out in the Report of the Preparatory Commission in the following list of topics for discussion.

1. *Monetary and Financial Questions:*
    a. Monetary and credit policy
    b. Prices
    c. Resumption of the movement of capital.
2. *Economic Questions:*
    a. Restrictions on international trade
    b. Tariff and treaty policy
    c. Organization of production and trade.

This is an extensive and comprehensive program, and it would be unreasonable to hope for a complete and simultaneous solution of all the points involved within the few weeks or months which the Conference will have at its disposal. But as the Experts themselves point out, the attack will have to be made on a broad front and progress will have to be made in each sector if it is to be made at all. "It will not," they say, "be possible to make substantial progress by piecemeal measures. A policy of 'nibbling' will not solve this crisis."

If this view of the method of approach is correct, it may be observed parenthetically that there is clearly no case for a "bargain" by which resumption of the gold standard by Great Britain would be exchanged for a general reduction of tariffs. It is true that public opinion in Great Britain is not at all happy about a return to gold; but this attitude arises out of the circumstances

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which developed in September 1931 and is not likely to be maintained if appropriate safeguards can be worked out in connection with stabilization on a new gold basis. Many of the most vital interests of Great Britain — her foreign trade and shipping, her banking and insurance profits, her invested capital — are dependent upon international economic stability, and no country would suffer more if the world were to embark upon another period of competitive currency depreciation. If the gold standard, as the Experts assumed, is the only possible international standard, and if the gold standard can be made to work properly, a return of Great Britain to gold will confer at least as great benefits on her as on the rest of the world.

The converse of the argument is equally true: an all-round reduction of tariffs would benefit the gold countries equally with Great Britain. It is consequently a mistake to speak of sacrifices to be made and inducements to be offered, of bargains and diplomatic victories. The Conference can only be a success if it is made an opportunity for coöperation, rather than a field for bargaining.

IV

On the financial side of the agenda the prospects of agreement have been greatly improved by the second session of the Preparatory Commission. It is, for instance, a considerable step forward that unanimous agreement was reached on the desirability of a policy of cheap money and abundant credit in those countries whose currencies are not under immediate strain. This unanimity encourages hopes that the monetary and banking policies pursued for nearly a year in London and New York will be backed up by similar action in other financial centers. There has also been a great advance towards agreement on the technical reforms of the gold standard which will be necessary if it is to be generally resumed, and an agreement on what constitute the "rules of the gold standard game" is in sight.

The removal of controls and restrictions will present some difficulties. The countries which have imposed these restrictions are in the main not only debtor countries, but countries which will need to borrow again. That is to say, not only do they depend upon having an export surplus to pay the interest on their past borrowings, but they also find their own savings inadequate to meet their capital requirements. Consequently, when they found

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it difficult to dispose of their products and impossible to raise further loans, and when, in addition, their creditors began to demand the repayment of such of their loans as were terminable at short notice, the foundations of their national economies were endangered. The debts of these countries are, in the main, expressed in terms of foreign currencies or gold and become an added burden if their currency depreciates. They therefore have taken steps to restrict imports and to impose such restrictions on the purchase of foreign currencies that the withdrawal of capital and, in some cases, even the payment of current interest, has been made impossible.

Since these restrictions were not imposed in a spirit of wilful malevolence, but to counter a serious and still continuing threat to the economic life of the countries in question, it is useless to propose their removal unless the difficulties which they were intended to meet are also removed. But these difficulties are the fall in world trade, the cessation of international lending and the calling in of short-term loans. The restrictions themselves contribute to the decline of trade and thus frustrate the debtors' hopes of creating an export surplus, while creditor countries can hardly be expected to resume lending — even if they can be persuaded to refrain from demanding repayment of loans already made — so long as they are unable to receive the interest on their past loans. Moreover, even after the restrictions have been removed, some considerable time will inevitably elapse before the private capitalist in the creditor countries will have recovered sufficient confidence to resume lending.

Both halves of the problem are therefore dependent on each other; for the necessary simultaneous solution of them special remedial action will probably require to be concerted. Given reasonable assurances that sane fiscal policies will be pursued and mistaken conceptions of "economic nationalism" abandoned, the governments or the central banks of the creditor countries might well undertake the burden of providing the capital essential for reconstruction and currency stability until the confidence of the individual investor revives. The recent loan to Austria, guaranteed by a number of European governments, has set a precedent, and a number of plans for organizing assistance of this sort have been suggested for the consideration of the Conference. Granted goodwill and a little courage, this aspect of the problem is by no means impossible of solution.

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V

Progress in the financial field is, however, dependent upon parallel and even greater advances being made in the sphere of commerce. Not only is the latter question the more fundamental of the two; it is also in many respects the more difficult. The problems of an international monetary system have been under discussion for some years, and the debate has enabled a considerable measure both of clarity and of agreement to emerge. But it is doubtful whether public opinion in any country realizes what a radical reversal of commercial policy is necessary if the program of international recovery is to go forward. As a result, there is little agreement upon the plan of attack on the tariffs and restrictions which have succeeded in bringing the world to its present sorry state.

The most obvious suggestion is that some universal formula should be evolved by which every tariff rate should be equally reduced. This plan runs up against many of the difficulties which are hampering the application of a similar idea to the world's armaments. The apparent necessity of protective tariffs is greater in some countries than in others. Moreover, some countries have very much higher tariffs than others and it would be unreasonable to expect the comparatively "disarmed" countries to undertake the same reductions as those whose tariffs bristle with prohibitive rates. It is not impossible that progress could be made along these lines, but, like the Preparatory Commission, I am impressed with the difficulties. It is doubtful whether the world is ready for any plan of reduction which would be both drastic and sweeping. Moreover, the pace of any universal reduction would necessarily be dictated by the snail's gait of the most reluctant nation.

Attention has consequently been turned to the idea of reductions by bilateral and reciprocal agreements. For example, the possibility of a British-American reciprocal agreement has recently been canvassed in several quarters. Here, too, an analysis of the possibilities reveals some of the difficulties and demonstrates the limited nature of the reductions likely to be achieved in this way.

One of the first difficulties lies in the fact that in recent years Great Britain has been buying more than five times as much from the United States as the United States has been buying from her. In such conditions, a strictly reciprocal exchange of concessions

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could not go very far. It is true that the tariffs recently imposed by Great Britain have restricted the import of American goods, and, subject to the provisions of our agreements with the Dominions, some concessions could be made by reducing or removing our duties. But the margin for concession is not extensive.

The position as it is left by the Ottawa agreements is that the list of commodities is virtually divided into four sections. Firstly, there is still a considerable free list, and in these commodities, many of which (*e.g.* cotton) are of great importance for American farmers, the United States already enjoys full and unrestricted access to the British market. No concessions are possible here. Oil products should also be included with the free commodities, for the duty is passed on to the consumer and does not discriminate against American products. Secondly, there are certain special duties — chiefly on dairy produce — which were imposed as a result of the Ottawa Conference, and cannot be reduced without the consent of the Dominions. America is not much interested in these. On a third schedule we have undertaken to maintain a 10 percent preference in favor of the Dominions for five years, and as the present duty on most of these commodities is no more than the guaranteed minimum of 10 percent, there is little room again here for concessions to America. But these two categories, in regard to which undertakings have been given to the Dominions, are comparatively small; and there still remains a fourth list of commodities subject to duties which we are free to reduce. It is in this fourth division that concessions could be made. But when allowance has been made for the commodities which are excluded from this "concessionable" area, either because they are already duty-free or because of the Ottawa commitments, the field over which concessions could be made by Great Britain to the United States is not large. Indeed, even if the Ottawa commitments were abandoned, the advantages that Great Britain could offer to America would still be very limited by reason of the comparatively low level of our duties. If we take 1930 as a basis of calculation, we find that out of total imports from the United States of £153,497,000 in that year, goods amounting to £76,732,000 have become subject to the taxes imposed in the past year by our present Government. Of this total, £46,077,000 are subject to a 10 percent duty, £20,658,000 to 20 percent or less, and only £9,997,000 to more than 20 percent. This is in very striking contrast to the impact of the American tariff on British goods.

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Thanks to the fact that cotton is still "free" and was imported in rather larger quantities last autumn than in the previous year, the proportion of our total imports coming from the United States has been virtually unchanged in recent months compared with the situation before our present tariff came into effect — though the total from all sources has, of course, shrunk with the trade depression.

There is, however, a way in which Britain's buying power can be increased very greatly, and that is by a substantial reduction of the tariffs imposed by America and other high protectionist countries on her exports. Ever since the war Great Britain has never had less than one to one-and-a-half million unemployed, the larger proportion of whom are normally employed in our export trades. If these potential consumers of American goods could be set to work on goods for export, there would be a considerable rise in American exports both of finished goods and of materials for production. More than one pound out of every eight spent by Great Britain on imports goes to the United States. A comparatively slight increase in British prosperity would, therefore, bring more benefits to America than the complete disappearance of British import duties.

A study of the facts in this and similar cases will, I think, lead inevitably to the conclusion (which is, indeed, confirmed by the experience of the past ten years) that bilateral bargains within the framework of an intensely protectionist world cannot produce benefits at all commensurate with those which would follow from the adoption of an entirely different outlook. The present tariff system cannot be patched and amended; the nations can find a revival of prosperity only in a policy which would be not only more liberal, but very considerably more liberal, than that which prevailed in the twenties.

This is a change which, though vital and urgently necessary, cannot be achieved in a day. A determined attempt must be made to accomplish it, but we must not be without some alternative. What is to be done if all the nations of the world are unwilling to abandon the cherished ideas of high protectionism? The answer surely is that those nations to whom the revival of at least some measure of international trade is vital should make their own arrangments without waiting for the world-wide adoption of freer trade. But as things stand at present, they are seriously hampered by the operation of the "most-favored-nation" clause

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contained in most commercial treaties. The clause was devised for a world in which protective duties were the exception rather than the rule and prohibitive duties virtually unknown. In the present state of affairs it is in danger of becoming a hindrance to progress. For instance, it is impossible for two nations to agree on free trade between themselves without extending the privilege of free imports to every country with which they have commercial treaties. Apart from extreme cases such as this, a country which is disposed to reduce its tariff on imports from another country in the interests of more economic production and trade will hesitate to do so if it must extend the same concession to every other country, even to those which maintain prohibitive duties against its exports. The most-favored-nation clause was, in its origin, a means of spreading as widely as possible the benefits of tariff reductions. As it operates today, it tends to stabilize the *status quo* and to prevent any reductions whatever being made.

The position thus created is so anomalous that it cannot last. There are several groups of countries which are already prepared to liberalize their trade relations with each other, and it is unlikely that they will for long be deterred from doing so by the existence of the most-favored-nation clause. Ever since the war, Americans who have represented their country at world conferences have pointed to the benefits which would flow from a United States of Europe modelled on the United States of America. Any attempt to move in this direction would inevitably involve, at first at all events, a system of preferences which would contravene the most-favored-nation clauses of the commercial treaties between them and other nations. Would the United States impede a movement so clearly recommended by American precept and example, by insisting on most-favored-nation rights?

The most promising field for a reduction of tariff barriers is in regional agreements for the creation of low-tariff areas, the markets of which would be open to those, and only those, who would give equal privileges in their own markets in return. It should not be impossible and it is certainly desirable for the Conference to devise means whereby the most-favored-nation clause would not apply to agreements of this nature. For if an attempt is made to insist on a rigid maintenance of the clause, there is considerable danger that it may disappear by the haphazard process of expiry or denunciation of existing treaties, and without any attempt having been made to forge an alternative principle. If this hap-

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pens, the way is opened to an infinity of hard bargaining, a crop of tariff wars and ill-feeling, and, at the end, confusion worse confounded. It would therefore be the path of wisdom for the Economic Conference not to attempt to maintain the clause in its existing rigid form, but to accept as a fact its unsuitability for present conditions and attempt to work out an alternative and more flexible plan for preventing the possible abuses of discrimination. This is not the place to enter upon a discussion of such a formula. But if the Conference is to achieve any success in the reduction of tariffs — and without such a success discussion of monetary and financial questions will be nugatory — it will have to devise a means by which nations who regard each other's trade not as an evil to be attacked and destroyed but as the necessary complement of their own prosperity will be able to act effectively without waiting until the whole world is of the same mind.

VI

To conclude. The real task before the statesmen participating in the forthcoming Conference is to decide whether the future of the world is to take shape along the lines of "closed" national economies, dominated by aims and conceptions of self-sufficiency, or of an economic internationalism such as that to which we were tending in the days before the war. If the first alternative be chosen, there is little to be gained by attempting to patch up an international monetary mechanism, for the foundations necessary to its support would have permanently crumbled. Should wiser counsels prevail, however, should the nations agree that only in recognition of mutual interdependence is it possible to achieve individual advantage, then the problem becomes one to whose solution Great Britain no less than the United States will be desirous of making the fullest possible contribution. If the Conference elicits evidence of a spirit of international goodwill, and if reasonable assurances are given that governments will not again yield to pressure from selfish national interests, place unforeseen obstacles in the way of world commerce, or prevent gold fulfilling its proper functions as a means of automatically correcting maladjustments in the normal equilibrium of international trade, Britain, I am convinced, will not be behindhand in undertaking, without excessive insistence on guarantees, to vest sterling with the maximum stability immediately attainable as a preparatory step to the general restoration of a reformed gold standard.

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POLAND'S SO-CALLED CORRIDOR

By Ignace Jan Paderewski

YOU may read today in the newspapers and magazines that what is called the Polish Corridor was taken away from Germany. This is not correct. In dealing with serious international problems proper terms should be used — proper formally, historically and logically.

Germany, formally and as a whole, took no active part and found no direct advantage in the dismemberment of Poland. Historically, our territory now called the Corridor was wrested from Poland by Prussia and remained a realm of the Prussian Kings for 99 years. Only in 1871, and still as a part of a Prussian province, was it incorporated into the new German Empire. Is it then logical to draw the whole of Germany into a conflict and controversy arising from an act of violence perpetrated, as everybody knows, by Prussia, Austria and Russia? We do not harbor any hostile feelings in regard to Württemberg or Bavaria, Hanover or Saxony, though from the latter we got two very poor kings. We have no grudge against any grand duchy or any other member of the former German Federation or German Empire. We sincerely desire to establish peaceful, normal, friendly relations with Germany and preserve them *in secula seculorum*, forever.

The Germans are a very great nation. Their contributions to our modern civilization are of the very highest order. Their achievements in all domains of human activity and thought — in industry and commerce, in science whether speculative or practical, in philosophy, poetry, literature, in the arts and above all in music — are positively immense. A nation that has produced men like Gutenberg and Reuchlin, like Albrecht Dürer and Holbein, Kepler and Leibnitz, Immanuel Kant, Fichte, Hegel, Lessing, Goethe, Schiller, Heine, Bach, Handel, Gluck, Beethoven, Schumann, Wagner and so many others — such a nation deserves not only respect but admiration from the civilized world.

There are a great many Germans outside of their densely populated fatherland. The surplus German population has always endeavored to improve their material conditions of life through emigration to foreign countries. And wherever the Germans by their own will establish their homes, there the inborn

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qualities and virtues of the race make them good, faithful, loyal and model citizens. This may be seen in the United States as we see it in Poland. We have quite a large number of true and loyal Poles with German names. Good German blood flowed in the veins of some of our most ardent patriots.

In 1848, the year known as "the spring of nations," Germany was our friend. In August of that year Karl Marx published in the *Neue Rheinische Zeitung* a series of strong articles in favor of Poland and against the Prussian Government. In one of those articles he said: "The partitions of Poland before 1815 were acts of brigandage; what followed after was a theft. Honest German, learn how you have been deceived!" And the Germans, even in Berlin, were on our side during that short-lived revolution. Today many of them are against us. We deeply regret that fact, but we understand it very well. The Prussian successes of 1866, of 1870 and 1871, the proclamation of a new German Empire under Prussian hegemony, placed the control of the entire German nation in the hands of the ruling class of Prussia. Two generations have been educated under that influence, two generations have been brought up in the spirit of implacable hatred for Poland.

The iniquitous partitioning of Poland was solely due to the initiative of Frederick the Great, King of Prussia. Rarely, if ever, has a single person done so much wrong to a country as that sovereign did to Poland. Real military genius, remarkable administrator, far-seeing statesman, endowed with many rare gifts, a highly cultured man, he pursued but one object in his life: the aggrandizement of his kingdom, and he accomplished it almost exclusively at Poland's expense. The military character given to the little ancestral domain, Brandenburg, by his grandfather the Great Elector, developed and strengthened by his father, Frederick William I, King in Prussia, was extended by him to all the conquered territories and was brought to such a magnitude and perfection as to provoke Mirabeau's sarcastic remark: "War is the national industry of Prussia."

Frederick II believed that the force of arms is supreme, and used to say: "God is always with the stronger battalions." That peculiar conception of God led him to write to his brother Henry, at the time of Poland's first partition, a letter in which, referring to that act and to his accomplices, he said: "We are going to partake of the same eucharistic body which is Poland and if it is

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not for the good of our souls, it will surely be for the good of our states." While preparing the partition, he wrote to Domhart, Governor of East Prussia: "I know that the inhabitants of the Palatinate of Pomerania are of Polish nationality." Notwithstanding that acknowledgment, he seized and annexed the territory, because his credo, repeatedly enunciated before his counsellors and confirmed by his political testaments, was: "Whoever possesses the estuary of the Vistula and the city of Danzig will be more of a master in Poland than her own Government."

Speaking about this in his memoirs, Count Hertzberg, Frederick's famous minister for foreign affairs, says that some of the King's advisers, when acquainted with the plan, expressed the opinion that it would be more profitable to take the fertile and rich province of Poznania. This made the King so furious that he even threatened with his stick the confused dignitaries, who were unable to understand that by annexing that part of Poland he would be in a *commanding position* and could obtain the rest at any time later.

Frederick was unquestionably a great personality. Even his cynical frankness does not lack a certain greatness. For nearly six generations now he has been the guiding spirit of the ruling class of Prussia. His testament holds its own. His political ideas prevail. His instructions regarding Poland are still strictly obeyed and followed. For it is in order to restore to Prussia that *commanding position*, so that she may regain at any time later the Polish territories, it is in order to annul an act of historical justice and replace it by a ratified and sanctioned offense, that this nefarious propaganda concerning the so-called "Corridor" has been started and goes on without respite.

To completely undo the pernicious work of Frederick II, Danzig ought to have been given to Poland without any reserve. It was the opinion of no lesser a man than the great American president, Theodore Roosevelt. In 1917 and 1918, in my conversations with one of the most distinguished American statesmen, a man with vast knowledge of history and of international affairs, Senator Lodge, I heard him repeatedly and emphatically declare that Danzig should be unconditionally assigned to the Polish state. But the ethnographical considerations which guided the Peace Conference in its most conscientious and scrupulous territorial readjustments decided differently.

The problem of Danzig was solved by a halfway measure only,

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and halfway measures cannot but lead to entire failures. Under a Polish régime Danzig could have been an object of paramount importance to our country and a chief factor in international trade. However, we have not got it. We have been granted, in addition to some theoretical and euphonious privileges, the so-called free and secure use of the harbor in common with the Free City. Unfortunately, from the beginning of that precarious association we have been considered by the Senate of the Free City as intruders, as enemies. Instead of a harmonious coöperation for the mutual advantage of both parties we found only friction, quarrels and conflicts of a most vexatious character.

Have the inhabitants of the Free City any just reasons for complaint?

From 1454 to 1793 Danzig was uninterruptedly united with Poland, and during this time was one of the chief ports of the old continent, one of the most prosperous and most populous cities of Central Europe. As far back as the seventeenth century its population reached 77,000, while it took Hamburg a full one hundred years more to reach that, for the time, imposing figure. After the first partition of Poland and the incorporation of Danzig into the Kingdom of Prussia, the population of Danzig, on account of its long and constant hostility to Prussia (as we read in the royal proclamation of February 24, 1793), was reduced in 1813 to only 16,000 souls. In spite of Prussia's phenomenal and formidable growth in prosperity and power following the victory over France in 1871, the progress of the city was extremely slow. Separated as it was politically and economically from Poland, the harbor took on a rather local, provincial character and ranked as tenth (or sometimes lower still) among the Baltic ports. Before the Great War the registered yearly tonnage of ships entering and leaving Danzig rarely exceeded 2,000,000 tons.

Today things are quite different. Danzig ranks no longer tenth, but fourth among the harbors of the Baltic Sea. The net registered tonnage of ships entering and leaving the harbor in 1930 was 8,213,000. Similarly, the volume of imports and exports passing through Danzig has quadrupled since before the war.

The progress of the city could be much faster. Certainly its prosperity would increase much more steadily if the political atmosphere had not been poisoned, if the mutual confidence which is the primordial condition of all collective efforts had not been

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destroyed by the continuous agitation from outside. For it is obvious that the anti-Polish propaganda about Danzig, and now carried on in Danzig itself, while serving the designs of Prussia, is contrary to the interests and well-being of the Free City and its inhabitants.

Whatever might have been the relations between the Free City and the Polish Government, it was not out of rancor or revenge that Poland decided to build another harbor at Gdynia. "Necessity knows no law," somebody said in 1914. Well, necessity of business knows law; it ignores petty sentiments. The development of business resulting from the growth of our state, which now contains over 32,000,000 people, made the construction of a second harbor imperative. We have every reason to be proud of Gdynia. With truly American energy and courage, we have within five years transformed a tiny fishing-village of some fifteen or twenty cabins into a seaport, a maritime city, that counts today 45,000 inhabitants. Nor has the new port of Gdynia proved in the least detrimental to the activity of the old port of Danzig.

The masterpiece of the propaganda to which I have referred has been achieved by giving to an absolutely Polish territory the name of "corridor." The word implies the idea of a narrow passage through a solid and more or less homogeneous structure. Applied as it is to this particular case, it serves its purpose most admirably: it misrepresents and perverts the fact to such a perfection as to convey the impression that, in order to satisfy the pretentious Polish demands for an access to the sea, the Peace Conference mercilessly split the national territorial structure of a great state and separated a valuable province from the rest of the Empire. The separation has been performed — it is true. But it was by no means a new idea, a new operation, an act of violence. It simply was an act of historical justice, the restoration of a property to its former and legitimate owner.

Poland has not received one inch of German national territory, not one single district where the Prussians or Germans would be or would have been in a majority. The ethnographical considerations which guided the Peace Conference were most rigorously observed, and were prejudicial to our economic and political interests, as in the case of Danzig, rather than favorable to our national aspirations.

The disputed province, at first baptized West Prussia and now called "the Corridor," has never been a national German terri-

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tory. Its name in German is Pommern, in Latin and in English Pomerania. Both words are but adaptations of the original Polish name, which is Pomorze. In Polish, "morze" is "the sea," while the prefix "po" (which does not exist in non-Slavonic languages) means either "along" or "after." In the particular case, both meanings are correct, because they designate the topographical situation and the origin of that land which, in a remote past, had emerged from the sea. Since time immemorial it was inhabited by Polish-speaking people, governed by their own Polish rulers. Towards the end of the tenth century Boleslav the Brave made it a realm of the Polish Crown. The first Polish diocese for Pomerania was established by him at Kolobrzeg (Kolberg) in the year one thousand — that is to say, 933 years ago. From 1308 to 1454 it was under the domination of the famous Teutonic Knights; but from that last date until the first partition of 1772 it formed uninterruptedly an integral part of Poland. Considerably reduced and contracted when restored by the Treaty of Versailles to our state, it contains at the present time 90 percent of Poles as against 10 percent of German-speaking inhabitants. About 110,000 to 120,000 people known under the name of Kashubes live along our small seacoast. They are our kin. They speak a dialect which is as close to our speech as any other of the several dialects we have in Poland. The ingenious Prussian statistics try to make them out as a separate ethnic unit, as they do also in regard to the several hundred thousands of Mazurians living in East Prussia. This is just as logical as it would be to call non-English all those who speak the Yorkshire dialect. The best evidence of the Polish sentiment of these people is to be found in the fact that during the entire existence of the new German Empire, from 1871 on, the Kashubes, as well as the whole of Polish Pomerania, never sent one single Prussian deputy to represent them in Parliament; all their representatives were Poles, and very militant Poles too.[1] Even German school atlas maps, approved for use in the German schools, which I still have in my possession, show our historical rights to the contested territory. They are apparent on each map except that which shows the spoliation performed by Frederick the Great.

The latest map is our Magna Charta, as it is also one of the

[1] Note that I am speaking here, not of the entire Corridor, including Danzig, as Dr. Curtius, laboring under a misapprehension, made it appear in a recent address in which he took issue with me on this point. By extending the territory covered to include the Danzig district, Dr. Curtius was able to produce Prussian delegates from constituencies which form no part of my argument.

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triumphs of the American people. For verily, without the generous gesture of President Wilson, without the mighty support of American public opinion, the noblest achievement in modern history, the almost complete restoration of the old Polish state, would not have so easily taken place.

But historical rights would produce only rhetorical results were they not supported by stronger claims — claims based upon actuality, upon life, upon economic conditions. Somebody who could irrefutably prove to be a direct, legitimate descendant of Hannibal Barca, the greatest Carthaginian, would still have very little chance of taking possession today of Carthage. Carthage is no more. But Poland is alive and very much so. In his "Eighteenth Decisive Battle of the World," Lord D'Abernon, a keen observer, an eminent diplomat, former British Ambassador in Berlin, says: "The victory before the walls of Warsaw in 1920 was no less vital than the historical contests in which Poland in earlier years acted as a bulwark to the West. . . . Had the Soviet forces overcome Polish resistance and captured Warsaw, Bolshevism would have spread throughout Central Europe and might well have penetrated the whole continent. In every large city of Germany secret preparations had been made by communist agents — a definite program had been prepared — leaders had been chosen — lists of victims had been drawn up — undermining intrigue would have been followed by ruthless assassination and murder."

German propaganda overlooks this service in the same way that it forgets the Polish victory near Vienna in 1683, when Central Europe (and in the first line Germany) was saved from the Turkish invasion. *Delenda Polonia* seems to be its watchword. Defying or disregarding history, they pretend to dwell upon actuality, upon life, upon economic conditions and interests. Their arguments are based on the following contentions: 1. The German character of the territory taken away from Prussia. 2. The unparalleled monstrosity of the Corridor, which prevents normal communications with East Prussia and causes heavy losses to the entire Reich. 3. The unfair treatment of the German minorities under Polish rule. 4. The moral injury inflicted upon the entire nation by the separation of East Prussia from the rest of Germany.

Let us examine these arguments. From a long list of Germans bearing witness as to the national character of the disputed

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territory, I shall quote only a few names. The first in rank and in chronological order is the august person of Frederick the Great, who himself frankly admitted that the territory, seized by him, was inhabited by Poles. We know already the vituperative opinion of Karl Marx, the apostle of modern socialism. Both men are dead. But there are still, thank God, plenty of honest Germans living, whose testimony in that respect is not less conclusive.

Mr. Loebe, President of the Reichstag, said in a speech addressed to the Germans inhabiting Lodz, in Poland: "In Germany we protest against the Corridor, yet everyone agrees that its population is Polish . . ." A German professor, the well-known pacifist, Friedrich Wilhelm Foerster, said in July 1927 that the sudden appearance of the Corridor means much more than the decision of the Treaty of Versailles, because it proceeds from historical causes infinitely more deeply motivated than the victories of the Allied armies: the Treaty of Versailles merely gave a formula to a de facto status. Another eminent German, Hellmut von Gerlach, wrote in *Die Friedenswarte*, in July 1927: "It is not permitted to contest the Polish nationality of the Kashubes." He added: "The treaties ratified by Germany should be absolutely respected." A learned German priest, Father Frederic Muckermann, wrote in the Berlin weekly *Das Tagebuch* on September 11, 1927: "We ought not to forget that our frontiers of 1914 were not the result of a just evolution but of three violations, each of them a crime. When we look at our present eastern frontier, should we not think about the vengeance of history?" Heinz Kraschutzki, a former officer in the German Navy, writes in the weekly, *Das Andere Deutschland*, on December 1, 1928: "The policy that aims at the isolation of Poland from the Allies, in order to recover Polish Pomerania, is most dangerous because it is based upon bad faith. Are there really in Germany people naïve enough to believe that Poland would be inclined voluntarily to cede a province inhabited by 90 percent of Poles to a neighbor who unceasingly oppressed it during a century and a half? Why should we try to recover a territory that is not part of our vital needs? It is an illusory policy, which infallibly leads to a new world war." Significant words. Not less significant are the opinions of other prominent members of Parliament, high officers, journalists, poets; but it would take volumes to print them all.

A year ago an important German coal mine owner, a rich ironmaster as well, came to the United States to preach before

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influential American audiences against the "unparalleled," unique "Corridor." I do not think he carried great weight. He tried to appeal to the imagination of his listeners by asking how they would feel if Mexico, for instance, were powerful enough to split their country in two and establish a wide corridor leading up through the center of the United States to the Canadian border. What a fantastic figure of speech! It is hard to imagine Mexico, with the Atlantic on one side and the Pacific on the other, as so ambitious as to pretend to establish direct communication with Lake Erie or Lake Michigan. To compare the tremendous and glorious eastern seaboard of the United States, one of the most populous, prosperous, active, civilized and peaceful parts of the world — to compare it to the small, arid, poor, thinly populated, but very bellicose East Prussia — is almost a sacrilege, certainly sheer cheek.

Americans do not need to be informed about corridors by such hyperbolic arguments. They know corridors and even have experience with some. The first one, and a very big one too, is between the United States and Alaska. Those who go to Alaska to look for gold, or sealskins or other furs, those who are fond of hunting or fishing, go by steamers and never dream of asking for the annexation of British Columbia. The second, a very small corridor, this time a Mexican one, has to be crossed on the railway between Yuma and San Diego. Again, an American going from Buffalo to Detroit, if he wants to save time, has to travel by the Michigan Central through the Province of Ontario, which at that place is many times wider than Polish Pomerania. On the other hand, a Canadian going from St. John to Ottawa has to travel for over two hundred miles through the state of Maine; and if he continues his journey from Ottawa to Winnipeg he cannot avoid crossing the state of Minnesota, south of the Lake of the Woods. There are quite a few other corridors abroad, but I shall cite only one of them: the German corridor running between the two Swiss cities of Schaffhausen and Basel. Swiss citizens traveling that way have to present their passports. But no such formality is imposed upon Germans traveling in direct cars through our territory to and from East Prussia. If there is any monstrosity about the so-called Polish Corridor it is only the monstrosity of the assertion that it is unparalleled and unique.

But what about the difficulties of communication and the abnormal conditions of traffic, and what about the heavy losses

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alleged to be sustained by the entire Reich? A positive answer to that question can be found in an official report of the administration of the Reich's railways in Königsberg. We read there: "From the transit point of view, East Prussia is no longer an enclave. Transit takes place without any obstacle. It is effected as if the handling of passengers over the Polish lines were still under the control of the German railway administration. Transportation rates, established according to the German tariffs, are maintained as if the territory between East Prussia and the rest of Germany were still a German territory. It must be equally recognized that the administration of the Polish railways is doing its utmost to fulfil all its engagements."

The statistics concerning the traffic of goods show that in 1913 47 percent of the merchandise transported went by sea and 53 percent went by land. In 1923 only 32 percent was transported by sea and 68 percent across the mischievous "Corridor." The number of persons traveling between the Reich and East Prussia (in both directions) by railway in 1925 was 590,000; only 5,000 traveled by steamers. These figures demonstrate how unfounded are the German arguments regarding abnormal conditions, traffic difficulties and heavy losses caused to the entire Reich.

Similarly the argument concerning the alleged unfair treatment of German minorities under Polish rule may well be examined in the light of figures. Mathematics may be dry, but it is persuasive.

According to Prussian statistics, which really cannot be accused of favoring the Poles, in 1925 there were 985,283 Poles in Prussia. At the same time there were 884,105 Germans in Poland. These 884,105 Germans actually have to represent them, and to defend their interests if necessary, 5 members in our Diet and 3 members in our Senate. And how many representatives do those 985,283 Poles have either in the Prussian Diet or in the Reichstag? *They have none.*

There are 105,861 German children of school age in Poland; they have at their disposal 811 German schools. There are 115,000 Polish children of school age in Prussia; they have at their disposal a total of 81 Polish schools. Consequently 72 percent of German children in Poland receive school instruction in their mother tongue, while not quite 5 percent of all Polish children in Prussia can attend schools where their native language is taught. Which of the two nations has a right to complain about unfair treatment?

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The last argument, that regarding the moral injury inflicted upon the entire German nation by the separation of East Prussia from the rest of the Reich, is of a purely sentimental nature. Separation, moral injury! Who can understand the meaning of these words better than we Poles do? For 148 years we were separated and oppressed by three ruthless masters. In Prussia, on our own soil, we Poles could not enter public service unless we repudiated our nationality and our religion; our estates were expropriated; our peasants were forbidden to build even a miserable cabin on an acquired piece of land; our children were cruelly beaten not merely for talking with each other but even for praying in their native language. And when the terrible war broke out we were compelled to fight each other, to kill each other; because remember that for the Poles, forced to enlist in three opposing armies, every battle was a fratricidal combat. Nothing like that exists today in East Prussia or threatens to exist.

But in the last analysis, are the ties binding the German nation to East Prussia so strong, so intimate, so sacred? From its origin East Prussia used to be separated from Germany by a wide Polish territory. During the days of the Great Elector the distance between the borders of East Prussia and the Slavonic possessions of the Brandenburgs was very much larger than it is now. Frederick II, much to the indignation of Thomas Carlyle, had to travel a long way through Polish territory from the royal castle of Berlin to the princely residence of Königsberg. Only by the partition of the Polish Republic was he able to remove that majestic discomfort entirely to his royal satisfaction.

East Prussia never belonged to the Ancient German Empire which expired in 1806. It did not belong to the Deutscher Bund which existed from 1815 to 1866. The Peace Conference in 1919 in its "Reply of the Allied and Associated Powers" justly observed regarding East Prussia that, "it has always been recognized by German historians as being not an original German land, but a German colony." And colony it is today, nor on account only of the considerable Polish and some Lithuanian population living within its boundaries. The colonial character of the province is demonstrated by the fact that, of all the civilized countries of Europe, except the mountainous, arid parts of Spain and the rocky, arctic regions of Scandinavia and Finland, it is the least inhabited territory, its population being under 60 to the square kilometer. The colonial character of East Prussia and of all the

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present eastern borders of the Prussian Kingdom is still more strongly confirmed by the fact that a provision of over 1,700,000,000 gold marks was made in the German budget of 1930 to be spent during a period of five years for the *Osthilfe* — for the strengthening of Germanism (or let us say more correctly, Prussianism) in the East. How weak, how frail, must be that pretended Germanism there if over $420,000,000 of borrowed money must be spent for its invigoration!

No wonder East Prussia is so dear to some German people, because it is so expensive. That it should be cherished by the Junker descendants of the Teutonic Knights is easily understandable. But these people, even if ethnically related to the real Germans and having a common language with them, are mentally and psychically quite different. Their ancestors, former Crusaders, were introduced into Poland as evangelists by the pious Polish Duke of Masovia, Conrad, in 1225, for the purpose of converting the original Prussians, a ferocious, aggressive Lithuanian tribe. They made considerable territorial conquests, they acquired a certain military not too enviable fame, for they were warring all the time. They were the principal trouble makers, the principal disturbers of the peace in that northeastern corner of Europe. Finally defeated and obliged to recognize the sovereignty of Poland, they could not forget the glory of the past nor forgive their humiliation; so, as a brilliant English writer says, "they trained themselves to live in a state of perpetual hate for Poland." Their offspring, a curious mixture of German, original Prussian, and even some Polish blood, inherited together with large land holdings that fierce hatred for Poland. That feeling grew from generation to generation. In Frederick the Great they found at last their Master Avenger as he found in them his most devout disciples and supporters. After the partitions of Poland they became, as a powerful aristocratic party, the ruling class in the absolute monarchy of Prussia and their hatred and contempt for the Polish nation, which they had partly devoured without being able to digest, were practised as fundamental articles of a political creed. After the beginning of the Prussian hegemony in the German Empire — since 1871 — they endeavored to impose that creed upon the whole of Germany.

They coined the word "Corridor" as they coined the preposterous motto: "We are a nation of Masters, the others are but fertilizers." Is it for their sake, for their comfort, for their political

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prestige, that we are requested to give up a precious part of our national body? Is it for the chimeric pleasure of a province the population of which does not exceed two and a quarter millions that we are summoned to sacrifice the real and vital interests of a state of over 32,000,000 people?

No! Partly yes. But chiefly it is for that *commanding position* of Frederick the Great, for that position which would permit Prussia to take the rest of the Polish territory at any time later.

And what would be the immediate meaning to us of that sacrifice?

The Corridor, that indisputable Polish land (proclaimed as such at the Peace Conference by American authorities on geography and history like Professors Bowman, Haskins and Lord), that Polish Pomerania is not merely the treasured heritage of over thirty Polish generations, it is also our only national seacoast. Its length is only 76 kilometers. For a state of 32,000,000 inhabitants that is not very much, especially when one thinks that our mighty neighbor firmly holds 498 kilometers along the North Sea and 990 kilometers along the Baltic. But to us those modest 76 kilometers are just as valuable as the 1,488 are to Germany, just as precious as its thousands of miles of seacoast are to the United States. They are indispensable to our independent life, materially and morally. They are our gateway to the wide world. And to give up that gateway is the small sacrifice to which the German propaganda requests or advises us to consent. What would it mean to us to consent?

It would paralyze the entire economic life of the sixth largest state in Europe. It would deprive our country of its only direct connection with the great civilized nations. It would reduce our free and sovereign state to an impotent and pitiable enclosure between Prussia and Russia. It would make Poland a cripple and a slave.

The sufferings of a crippled or enslaved individual and the sufferings of a crippled and enslaved nation are very much the same, only those of a nation are multiplied by millions. We do not wish to become crippled and enslaved again. We shall never voluntarily accept so horrible an injury, no matter by whom inflicted. The territory restored to us is justly ours and we are determined to stand by it with all our strength, to uphold it by all our means. For if that restoration is wrong, then the partitions

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of Poland were right, and nobody should expect us to subscribe to such an iniquitous verdict.

We are peace loving people. Striking proof of it is to be found in our history. Among our 43 kings there were several warriors of the highest calibre, victorious, famous, illustrious as any hero in the history of the world; but none of them appealed to the hearts of the people strongly enough to be called great by posterity. That flattering distinction was only granted to one King, the last of the Piast Dynasty, Casimir, who was a wise, just and tolerant ruler, endowed with real constructive genius, pacifist to the core.

We do not desire war. Everyone in Poland longs for peace. We need it more than any other country. But if by a formal declaration or by surprise war is imposed on us, we shall defend ourselves.

The fortunes of war are capricious. Horrible things may happen. It must be borne in mind that there are over 9 million confessed communists in Germany. An enormous figure! Ten years ago there were only 620,000 registered communists in Russia. In Poland we have our own communists too, and they are very lively. So far they have been well under the control of the government. But if war came and if it were disastrous, if the national government were overthrown and the people driven to despair, the communists, who have nothing to lose and everything to gain, might seize power and open the gates of the stronghold which has hitherto been protecting the center and the west of Europe.

Do not believe those fortune tellers who promise you the return of prosperity provided the Corridor be given back to Prussia. That is a tale for children. A new partition of Poland would accomplish no such miracle. It would not cure the general epidemic of overproduction, it would not provide work for the millions of unemployed, it would not restore to the industrial nations the huge Russian market which was demolished by the Revolution, it would not reopen to broad commerce the frontiers now everywhere closed. The new partition of Poland would be a new international offense, an offense against democracy, an offense against civilization, with possible catastrophic results. It would be an evil deed. And one of the noblest minds, the courageous man who refused to eulogize Frederick the Great after his death, the inspired German poet, Friedrich Schiller, says: "It is the curse of an evil deed that it continuously but evil must produce."

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GERMAN MILITARY POWER SINCE VERSAILLES

By General Wilhelm Groener

THE question of disarmament occupies the center of the political stage. Nearly a hundred and fifty years have gone by since Immanuel Kant wrote his philosophical essay "On Eternal Peace." In addition to uttering other maxims about safeguarding international peace, he demanded the abolition of standing armies on the score that they constitute a perpetual menace of war against other nations. Since Kant's days numerous and gigantic wars have shaken the world. Tentative attempts to safeguard international peace by political conventions were undertaken at The Hague in 1899 and in 1907; but they were fruitless. Not until the World War had exacted its sacrifice of millions of human lives, besides destroying the economic relations of the nations of the earth, did statesmen feel a moral incentive to transform Kant's philosophical ideas into a practical political instrument. And still the ideal of a system of international peace, as President Wilson conceived it, remains unfulfilled. The warlike complications in eastern Asia have shown only too plainly that the League of Nations is devoid of any real authority. The Kellogg Pact was designed to outlaw war and stiffen the moral obligation of all nations to settle their quarrels not by resort to arms, but by arbitration. The regrettable fact remains that by tradition politics is not dependent on moral considerations.

No one ever had that truth brought home to him more forcibly than President Wilson did at Paris, to say nothing about Germany and her trust in the fourteen points! President Wilson proved unable to carry the day against statesmen whom the World War had given a demagogic fervor. Lloyd George and Clemenceau were more than a match for him, from the moment he left behind him the native soil from which he had been drawing his strength. The history of the negotiations at Paris about disarmament has not yet been written in its final form. But this much is certain, that in the course of the deliberations Lloyd George and Clemenceau turned Wilson's original intention to bring about *universal* disarmament into its opposite, *i.e.* the *one-sided* disarmament of Germany and her allies. Five phases may be distinguished in those deliberations, beginning with the statement

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made by Loucheur on February 7, 1919, and ending with the final signing of the Peace Treaty. Loucheur was willing to let Germany retain 300,000 men with heavy artillery and airplanes. That corresponded to what, during the discussions in the Prussian Ministry of War in the spring of 1919, I myself, in my position as Quartermaster-General of the Prussian Army, had insisted on as indispensable for the requirements of national defense. In his statement dated March 3, 1919, Marshal Foch struck off 100,000 men and the airplanes; and in the statement dated March 10 another 60,000 men and the heavy artillery. On the same day the Council agreed upon the reduction of Germany's military strength to 100,000 men, and the final Peace Treaty brought further considerable decreases in the number of machine guns, field artillery and mine throwers. The compulsory military service with a one-year term of enlistment, which Marshal Foch had originally intended for Germany, was annulled by Lloyd George and replaced by a professional army with a twelve-year term of enlistment. From the British point of view this seemed to be preëminently favorable to the cause of disarmament; and it also was in consonance with the British military tradition.

The indignation which as a result flared up among the German people gained in strength from year to year, fed by the unfair methods of the Commission of Military Control which had been created for the purpose of superintending the course of disarmament in Germany. The German people felt condemned to complete defenselessness in the midst of nations that were armed to the utmost degree. The moral effects of the abolition of universal military service (which the Germans had never felt to be a compulsion, but rather a civic honor) became more and more manifest in the growth of military organizations within various political parties; these were of no military value and only served to create unrest. The ill-fated disarmament provisions embodied in the Treaty of Versailles are largely responsible for the intolerable intensification of political strife in Germany. Far from furthering the spirit of disarmament, they only served to increase nationalistic agitation. There are no effects without counter-effects; and once a tension of this sort has been set up, it is bound to spread to other spheres of politics. So far as the interests of international peace are concerned, the *one-sided* disarmament of Germany was a political mistake of the first order, and there will never be any rest in Europe until that mistake has been corrected. The only

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way to promote world peace, as envisaged by President Wilson, is *universal* disarmament on the principle of full equality for all nations alike. And if the negotiations aiming at general disarmament are to attain their goal, they must be based on the principle of right; for if they are based on the idea of might, as was done at Versailles, further wars will be inevitable.

In order to ascertain the actual conditions in which disarmament may be achieved it is necessary to examine and compare the military situation of Germany and her neighbors in some detail. It is not enough to give a one-sided account of Germany's military condition, designed just to prove the assertion that Germany has violated the Treaty of Versailles by secretly preparing a large army intended for aggressive purposes.[1] In connection with that assertion a secret *dossier* was prepared, and on more than one occasion France has threatened to publish it. Eventually, however, the French Government thought best to desist from its publication, since the way in which it had come into being is open to grave objections. It is regrettable that the French should resort to an expedient of this sort in order to prove the necessity of their own strong armaments. With the full consciousness of my responsibility as a former Minister of National Defense, I shall endeavor to give as unbiased an account as possible of the European military situation, so far as it is of fundamental significance for the question of disarmament.

The military situation created on the Continent by the peace treaties terminating the World War is as follows. Extending right across Central Europe, from the North Sea and the Baltic down through Austria and Hungary and as far as Bulgaria, stretches a wide valley in which all the nations are disarmed, flanked on either side by the towering heights of nations that are armed to the teeth. This geographical comparison affords a telling picture of the actual conditions of military strength in Europe. Germany, as the principal constituent of the Central Powers allied in the war, is in a particularly difficult position. From earliest times until the Napoleonic wars Germany had been predestined by her geographical situation to be the battle-ground of Europe. The fact that this was not repeated again in the war of 1870–71 nor in the World War is undoubtedly due to the military efficiency of the Germans. One can hardly blame France for endeavoring

[1] *Cf.* "The Armaments and Military Power of Germany," by General E. Réquin, FOREIGN AFFAIRS, January 1933.

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to protect herself against another invasion. But Germany, on the other hand, defenseless as she feels herself to be against her heavily armed neighbors on both flanks, fears a renewal of her former fate, fears that she may once again become the European battle-ground. There is only one way for Germany and France to extricate themselves from this dilemma, and that is to reach an honest and permanent agreement on the basis of disarmament. This could have been achieved most easily immediately after the World War, just as Bismarck did after the war of 1866 in dealing with Austria. The Peace of Frankfurt, terminating the war of 1870–71, could also have furnished France with an example worth imitating. It is deplorable that France, and more especially M. Clemenceau who was Prime Minister at the time, should have preferred to be guided by a spirit of hatred and by the endeavor to eliminate the German nation, a people of more than sixty millions, from the ranks of the Great Powers.

It further must be added that immediately after the war France increased her military superiority to a very considerable degree by concluding alliances with Poland, Czechoslovakia, Jugoslavia and Rumania, so that one might well speak of a French hegemony in Europe.[2] Italy has declined to bow to this French hegemony; so France is afraid lest a war might find Germany and Italy on the same side. To meet this eventuality, France has provided for her protection by the construction of magnificent fortifications. On the Italian frontier the Alpine passes have been bolted and barred completely, so that an Italian attack across the Alps would be even more hopeless than were the Austrian attempts on the Isonzo during the World War. Along the German frontier, between Strasbourg and Luxembourg, France at enormous expense has created a new and quite original system of fortifications on the pattern of a chess-board; they must be regarded as impregnable. Belgium has also erected a stronger line of fortifications along the German frontier. The gap between Germany and Italy is filled up by Switzerland, which is strong enough to prevent the passage of foreign armies through her territory.

Where and how, then, could France possibly be threatened by an attack from Germany? Only a fool could conceive the idea of breaking through that line of modern fortifications along the French and Belgian frontiers, and if he tried it he could not fail to

[2] These close political and military relations are still in force, although Czechoslovakia, it should be stated, has been endeavoring to cultivate the best possible relations with Germany.

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smash his head against them. Besides, another attempt on Germany's part to invade France through Belgium is no longer feasible on account of the completely altered general situation. The dreaded German attack is like a nightmare, harassing the French in the hours of darkness, but entirely unreal. And quite apart from this enormous superiority of France on land, she has in her air force a means for carrying on war which can hardly be gauged in its far-reaching significance, and of which I shall have to speak later on. Another advantage which she has secured, and which should not be underrated, is the demilitarized zone along the Rhine. This enables her not only to occupy the Rhine with troops that can be kept instantly ready to march, but also to cross the river and seize the principal source of Germany's material strength, the Ruhr district with its coal mines and its extensive industry. Such an invasion Germany would be completely powerless to prevent. The enemy armies could not fail to reach the river Weser before any emergency counter-measures could become effective. It is therefore nothing but the plain truth — and the French generals are fully aware of it — to say that in the west the territory of Germany lies open to French invasion right up to the Weser, whereas — notwithstanding all French assertions to the contrary — Germany has neither the man power nor the war materials at her command for an offensive across the Rhine. Even if it were true that a German army of 200,000 men could be promptly mobilized to march on the Rhine, it would fall an easy prey to the superior French forces.

Now let us look to the east. The first point to be noted here is the separation of East Prussia from the rest of Germany. Anyone can see at once that this must make it extremely difficult to defend this country against an attack on the part of Poland. Since the Poles would be able to occupy the corridor along the Vistula more quickly than the Germans, it might easily happen that communication between East Prussia and the German Empire could only be effected by sea. And supposing that French naval forces should enter the Baltic, even that route would cease to be safe. A second great danger threatening Germany in the east consists in the fact that the province of Silesia can be surrounded and cut off by Poland and Czechoslovakia. In the third place, there is the dent made in the German frontier by Polish territory bulging out towards the river Oder in the direction of Berlin, which reduces the distance between the capital of the

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German Empire and the Polish frontier to less than a hundred miles. Germany's eastern frontier was settled by the Treaty of Versailles without any thought being given to the question whether it would be possible for her to defend it against Poland, whence it is sometimes called her "bleeding frontier."

This is a very sober account of Germany's frontiers from the military point of view. No one can gainsay it. In view of the facts just stated it is futile to say that Germany's security has been safeguarded. Nor could anyone seriously maintain that the 100,000 men of the Reichswehr are sufficient to guard Germany's frontier in the east. The entire length of this menaced frontier amounts to about 1,200 miles, or, if one does not include the Czechoslovak frontier, about 750 miles. To distribute the troops of the Reichswehr over that length would be tantamount to reintroducing the cordon system of former centuries.

Why, then, should France raise her voice in complaints about her security? If any nation in the world has good reason to regard its home and fireside as lacking in security, it is the German nation.

A glance at the statistics of the armed forces of France, Poland and Czechoslovakia will serve to fortify my statement. Let us restrict ourselves to the peace-time establishments. We find that France has 24,000 officers and 360,000 men in Europe, while in North Africa she has 3,000 officers and 140,000 men, a total of 27,000 officers and 500,000 men. The French troops stationed in other French colonies may be left out of account. If we further assume that of the troops in North Africa only two-thirds would be available at once, we reach a total of 27,700 officers and 450,000 men, *i.e.* over six times as many officers and four and a half times as many men as there are in the Reichswehr. The peace-time establishment of the Polish army, including a very strong corps guarding the frontier, amounts to at least 300,000 men. The number of men in the Czechoslovakian army varies in peace times according to the season; the average may be put at 120,000 men. The peace-time establishment of all three armies together thus amounts to 870,000 men, that is to say more than eight and a half times as many as are contained in the German Reichswehr.

On a war footing these armies would number from eight to ten times as many men as on a peace footing. Their mobilization has been so thoroughly prepared, especially in France, that the war

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army could be concentrated along the frontier within from ten to fourteen days, and a considerable part of it, such as the *armée de couverture* in France, within a few days. But how could the German Reichswehr, with its 100,000 men, in the absence of any preparations for mobilization, be increased within so short a time to any figure that could count? It is entirely out of the question.

So far I have spoken only of the number of men in the fighting forces. We shall see later on that the superiority of France and her allies assumes gigantic proportions if we take into account equipment and war material.

It has been asserted that Germany has enormous reserves at her disposal, so that in the case of war her army of 100,000 men could in no time be increased to astonishing proportions. But nothing could be more misleading than the supposition that whole classes of reserves are available, or than the enumeration and addition of the various military associations. As a matter of fact, the only significance that can be attributed to the latter is that, in the case of a war of long duration, the men contained in these organizations would constitute a reservoir of man power. But a war of long duration is out of the question for Germany, if only for financial and economic reasons: there can be no doubt that it would end in Germany's ruin. Furthermore, even former soldiers who fought in the World War would not be available for service in a future war without additional training, for the technique and forms of fighting have meanwhile undergone a complete transformation in consequence of the increased efficacy of many arms, especially the air forces. As to the military organizations which have grown out of the internal political strife among the German people, such as the *Stahlhelm*, the *Reichsbanner* and the shock-troops of the National Socialists, they are to be regarded as a danger to Germany's internal peace rather than as a menace to France. Moreover, their ideas of war are entirely obsolete; their activities are largely made up of external show, dallying with uniforms, drilling and parading; and they are very far from comprehending the grim reality of war and the actual conditions of fighting. The orientation of their ideas is based on the conditions of civil warfare, which again goes to show that Germany's strength is weakened rather than fortified by them. That is why, during my term of office as Minister of the Interior, it was my great endeavor to gather the German youth together

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under the authority of the German Empire, to make good German citizens of them, instead of letting them fritter away their strength in political strife. Not preparation for foreign wars but the internal peace of the German nation was the goal of my efforts; and no better service than that could be rendered to the cause of international peace. For discord within a nation is much more likely than solidarity to lead to explosions in the sphere of external relations.

It is equally erroneous to regard the state police as a reserve of the Reichswehr. In case of warlike complications the authority of the government would be very quickly set at naught if it had no strong and adequately armed police force at its disposal. With an untrained force, or with a constabulary such as we had before the war, it would be impossible to preserve public peace and order in Germany. That has been fully demonstrated by the experiences of the last fourteen years. I should regard it as superfluous to say anything about the "time volunteers" were it not for the fact that talk about them keeps cropping up. They have almost become a legend now. France need not fear; they merely served as a temporary reinforcement of the Reichswehr for the suppression of communistic risings.

Misinterpretation of the internal conditions obtaining in Germany really could go no further when even the "voluntary work service" is adduced to prove the assertion that Germany is engaged in military preparations for a war of aggression. When there are between five and six millions of unemployed in a nation, I should think it would be the duty of any government to provide for relief in every conceivable way. While I was Minister of Defense I did all I could to make the Reichswehr join in the endeavor to assuage the general suffering, for example by giving assistance to the "voluntary work service." That is not service for war, but service for the people. The idea of misusing the "voluntary work service" for military purposes has never even entered my head. It is most regrettable that any measure we come to regard as necessary or advisable for the needs of our national life should forthwith be misinterpreted as an evil design against France.

The German war industry was completely demolished by the Treaty of Versailles. It goes without saying that the factories which came under that ban forthwith adapted their productive facilities to the exclusive manufacture of economic commodities,

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for the uses of peace and not of war. The production of war materials is far from their thoughts. There are only a few factories turning out products for military purposes — as a side line, one might say. In the absence of any competition, they are unfortunately able to raise their prices so as to force the German Government to incur excessive expenditures for war materials. This accounts (together with other circumstances, such as the high pay obtaining in the professional army) in the most natural way possible for the comparatively high budget figures for the Reichswehr. To adapt factories *in secret* to the production of war materials and to produce and store *in secret* large quantities of such materials — that would be an extremely difficult and risky undertaking. Large and reputable manufacturers would refuse to have anything to do with it. The cases of Lohmann and Stoltzenberg, which have recently been brought up again, also date back to a time that has almost slipped from our memory: I liquidated them myself when I was Minister of Defense. I might add that the outcome of these cases was extremely painful to the German Empire, for it entailed the loss of a very large amount of money which we might just as well have thrown into the sea.

Passing on now to the question of adapting industrial establishments to the manufacture of war materials after the outbreak of war, I think it is generally conceded that the time consumed by the necessary preliminary work is quite considerable and has to be counted in months. Under the existing political conditions Germany cannot rely on having that time at her disposal. In this connection we have also to think of the geographical distribution of German industry. The most productive industrial districts are to be found in the peripheral regions of the Empire — the Rhenish and the Ruhr district in the west, and the Silesian industry in the east: right under the guns and airplanes of France and Poland. The industrial region of central Germany, round about Berlin, could not possibly yield an output large enough to serve as a basis for the establishment of a large war industry. The most important factories of the chemical industry are also situated on the Rhine, so that France has merely to reach out her hands for them. These facts make it evident that, if war broke out, Germany would find herself in a sorry plight so far as her industry is concerned. These things are no secret; they are open and compelling facts and conditions, and only a moment's reflection is required in order to understand their implication.

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Now let us look at France: what about her war industry? Since the transformation of the whole country into an impregnable fortress the French war industry is as safe as if it reposed in Abraham's bosom! In productive power it far exceeds that of any other European country. It not only supplies the needs of the French Government itself, but in times of peace it also exports to Poland, Czechoslovakia, Rumania, Jugoslavia and Greece. Enormous quantities of material reserves are lying ready even in peace times for the use of the French *nation armée*, and a prompt increase of them has been provided for in case of war. Nor does the question of replacements present any particular difficulties for a munitions industry as highly developed as the French. Industrial mobilization and the supply of war materials has been organized in France in a wholly admirable way. As compared with such preparedness, the rumored stocks of arms in Germany and the possibilities of promptly replenishing them in case of war are wholly negligible, especially if we remember how magnificently equipped the French army is even in times of peace. It will suffice to quote a few figures in order to show this.

If we make reasonable deductions in favor of the colonies, there remain for the French home army on its peace footing: approximately 30,000 machine guns, *i.e.* about 15 times as many as there are available in Germany; 2,000 mine throwers, infantry and cavalry guns, *i.e.* almost 8 times as many as in Germany; and 1,200 light guns, *i.e.* about 4 times as many. In addition, there are 1,000 heavy guns, for which Germany has nothing whatever to show in comparison, since she has no such arms at all. This superiority of the French army, still further enhanced by 1,700 tanks, gives France a huge aggressive power. And to all this must still further be added the equipment of the French fortresses, a great part of which could be mobilized, and also the material reserves available for the arming of the *nation armée*. It would not be going too far to assess this factor at three times the equipment on the peace footing. If we further add the equipment provided for the Polish and Czechoslovak armies, we are justified in stating that, in comparison with the equipment available for the German army, the total ratio stands at 15 to 1. Then there are the airplanes to be taken into account, constituting as they do the most important means of offense in the wars of the future. While Germany has only a small number of airplanes at her disposal, France

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has 4,700 (including training, experimental and practice airplanes, and the reserves in depots and factories); and in addition there are another 2,000 Polish and Czechoslovak airplanes.

Taking all these elements together, we are faced by such an overwhelming superiority on the part of France and those of her allies who are neighbors of Germany that it would be nothing short of insanity on Germany's part to let the idea of an attack on France even enter her head. The ratio of the forces available on either side being what it is, it is extremely unfair to speak of any offensive power on Germany's part, to say nothing of any desire for aggression. The German people have only one desire, to be able to defend their country should the necessity arise. That is the acknowledged right of any people, and to demand equality in that respect is more than a mere legal formula: it is a most sacred duty.

In the same connection a few words remain to be added about the German fortresses. What was the reason for the stipulations of the Treaty of Versailles preventing Germany from supplementing and modernizing her fortifications for *purely defensive* purposes? This evidently was done, I should say, so that Germany's frontier territories should continue to lie open to her neighbors, in other words in order to render her still more incapable of defense. Since the cession of Metz and Strasbourg, Germany no longer has any fortresses that could be utilized for offensive purposes. Why then should she not be permitted to employ defensive methods similar to those used by France? It goes without saying that we should not be able to bury as much money underground as France has done; but one should no longer dispute our right to barricade our frontiers, at least in the east, unless general disarmament is carried out in a thoroughgoing and effective way. The period of inequality, as instituted by the Treaty of Versailles, has to end. The German thesis is: security on the basis of disarmament.

General von Seeckt is regarded as the author of measures by which, it is claimed, the German Reichswehr has been endowed with a decidedly offensive character. No one would deny, I should think, that in training a troop of soldiers it would be wrong to neglect educating them in methods of attack. But that is still a long way from preparations for taking the offensive *in the strategic sense*, which presupposes conditions of an entirely

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different nature, above all of a political character. It is a purposeful exaggeration to say that Germany has restored the foundations of her pre-war strength.

The organization of the supreme command of the Reichswehr does not invest the Chief of the Army Command with any such authority as has been suggested in France. This is sufficiently shown by the fact that an insignificant political occurrence was enough to remove General Seeckt from his post. He deservedly enjoys the highest esteem in the Reichswehr; but he has never advocated a policy of aggression against France. It is quite natural that General von Seeckt should feel warmly attached to the professional army which he has created, and that he should be in favor of maintaining this system. But to regard the Reichswehr as a nucleus of concentration for the nation in arms, nay, as the very basis for its general armament — that idea seems to me so impossible of realization from a sane political point of view that I cannot conceive this wise and clear-headed general as capable of entertaining it.

A professional army could never meet Germany's requirements nor be adapted to her geographical position, even if it were equipped with heavy arms and airplanes. Marshal Foch was on the right track when he proposed to let Germany retain her universal compulsory military service. That is the proper military organization for countries with extensive frontier lines that are unprotected by natural features. England is right in preferring to have a professional army, because her protection is the sea, which makes it unnecessary to guard her boundaries. Nor is universal military service necessary for the United States, in view of the nature of its frontiers and the character of the country and its population. But things are totally different on the continent of Europe. Excepting only those nations which came under the disarmament stipulations of 1919, the military organization of all the other 21 countries is based on universal compulsory service. There is no escaping the fact that extensive frontiers cannot be protected by small professional armies, quite apart from the further fact that the latter are more expensive. What really is of essential importance, so far as disarmament is concerned, is not the abolition of universal military service but rather the abolition of the large standing armies, for it is these, as Immanuel Kant pointed out, which constitute the menace of war.

There is one form of military organization which is of a purely

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defensive character and which can be based on universal compulsory service. That is the militia, as we see it in use in Switzerland. It offers the further advantage that it can be combined with a small professional army. The most essential feature of a militia is the short period of training. Those special arms which require longer training could either be organized in the form of separate associations or incorporated in the small professional army. In the memorandum of the German Government dated August 29, 1932, the general principles are set forth for the transformation of the Reichswehr into a militia for the protection of the German coasts and frontiers and for the maintenance of internal order. Germany is willing to reduce her forces to the utmost by joining in universal disarmament, always providing that the latter is based on the principle of equality. Proposals for the abolition of the heavy offensive arms and of chemical warfare, or for restriction of aërial warfare, will also find an open door in Germany. If the statesmen of the world could succeed in doing away entirely with the use of bombing squadrons against the civil population, mankind would owe them a deep debt of gratitude.

The enormous and complicated task of establishing universal peace still remains to be achieved. More than a little optimism is needed to believe that disarmament is to be carried out promptly. But let us cling to the hope that the statesmen of the world are determined to reach that goal with all the speed possible. Further procrastination would create an intolerable situation for Germany. And, let me say again, Germany is quite ready to come to an agreement with France.

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OUR WHEAT SURPLUS

By E. G. Nourse

IF WE look back to the difficult days which immediately followed the formation of the United States we find that even then the country needed a European market for such commodities as it could produce abundantly and cheaply. It needed to trade its raw materials for imports of manufactured goods from the older countries. The Southern States long had such a market in tobacco and, following the invention of the cotton gin in 1793, began the development of a still more important export trade in cotton. From Virginia northward through the Middle States there early grew up, too, a flourishing business in the export of wheat and flour. In 1790 it reached a value of $5,800,000, or about one-third more than the tobacco trade of that year. But as European policy after the Revolution was distinctly unfriendly to the admission of wheat and flour, a considerable part of American exports of these commodities went to the West Indies. Then a peculiar turn of events enlarged the European demand and boosted wheat and flour prices to a degree which greatly improved the American economic situation. The French Revolution and other Continental conflicts, culminating in the Napoleonic Wars, simultaneously impaired production and increased consumption of wheat in Europe. Encouraged by the resulting high prices, farmers from Virginia up to the Connecticut Valley turned to the production of this staple, and the private profits and favorable exchange relations which resulted did not a little to strengthen the economic position of the young republic.

After the close of the Napoleonic Wars and our second war with England the situation changed sharply. "Consumer resistance" again asserted itself in Europe, with blighting effect on our export trade in wheat. Farmers of the northeast seaboard no longer could find a profitable export market, whilst new production areas began to expand in western New York, Ohio, and other parts of the trans-Appalachian region. The opening first of canal and then of railway communication with the West expanded production, lowered freight costs, and brought an increased flow of wheat into the seaboard markets. Thus from the close of the Napoleonic Wars until well into the forties American wheat farmers struggled with a surplus problem.

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The problem was solved for the time being by the repeal of the British corn laws in 1846, the Irish famine of the following year as a result of the failure of the potato crop, the Crimean War (1854–56), and several periods of partial crop failure in Europe. These, taken together, caused American wheat exports to maintain a high average during the late forties and throughout the fifties. The period culminated in a succession of partial crop failures in Great Britain in 1860, 1861, and 1862. Incidentally, the large takings of American wheat at relatively high prices in these three years not only contributed to the economic strengthening of the North but probably influenced British policy definitely away from recognition of the Confederacy.

In the period from the Civil War to the World War interesting and often contrary influences were at work. The growing of wheat, a typical pioneer crop, expanded rapidly as a result of our homestead policy, railroad development, and the flood of immigration. Although northeastern Europe was being steadily industrialized, and hence showing a relative neglect for agriculture, supplies from this country tended to outrun this demand, and the prevailing price trend was downwards. However, this did not face American growers with a ruinous surplus situation, since wheat could be grown on pioneer farms at an extremely low cost and railroad freight rates were made advantageous to the man on the frontier. As the wheat-farming area moved westward it was succeeded by general farming, in which wheat was only one of several sources of income; and livestock, dairy products, and other more intensive crops increased in quantity and found an expanding market in the growing cities and industrial regions of our own country. Twice between the Civil War and the end of the century the coincidence of a large crop at home and a partial crop failure abroad brought windfalls to our national economy. In 1878 and 1879 large exports at high prices attracted to our shores a flood of gold which was of great importance in facilitating the resumption of specie payments. In 1891 and 1892 a similar situation bolstered up the national economy at a critical period and mitigated the agricultural phase of the depression which followed.

At this point we must note the entrance of an important new force which has had enormous significance in the evolution of our present agricultural situation. This was the growth of competitive sources of supply in the world wheat market. Until about

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1890 the United States occupied a highly favorable position in the international wheat trade. Europe was glad to accord, and we were glad to accept, a position as the "bread basket of Europe." During the nineties, however, Russia began to forge steadily ahead as a producer of wheat and assumed considerable importance in the export market. Her average production practically quadrupled between the beginning of this period and the start of the World War, culminating with a bumper crop of over a billion bushels in 1913. Meanwhile Canada, whose production had been more or less stable during the nineties, advanced from a production of 56 million bushels in 1900 to 232 million bushels in 1913. Argentina likewise had shown little growth until the end of the nineties, but thereafter her production increased rapidly until it averaged around 150 million bushels in the years just preceding the World War as compared with 31 million bushels in 1890. Australia, though showing less spectacular growth, approximately tripled her production during the period.

The significant point is the simultaneous growth of wheat production in these four countries and the fact that all of them had a comparatively inelastic domestic market. Hence the increased production tended to flood into the export market, where it furnished strong competition for the American wheat grower. That this did not create a devastating situation for the United States is evidenced by the fact that wheat prices were somewhat higher at the end of this period than at the beginning, and our exports were somewhat larger in absolute amount, though reduced more than one-half as a percentage of our total crop. We exported on the average 31 percent of the five crops in the years 1898–1902, but only 15 percent of the five crops just preceding 1914.

There is a two-fold explanation of how our agriculture was able to lessen its dependence on the foreign market so rapidly without meeting serious disaster. In the first place, the one-crop type of wheat farming was tending to be superseded in the United States by general farming or, as in California, even by intensive types of horticultural development. This tended to effect an orderly and gradual adjustment of American agriculture away from wheat farming, counteracting in some degree the keener competition from other countries in which the one-crop system seemed destined to maintain a longer or even permanent hold. Simultaneously, the domestic wheat market was expanding

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rapidly as cities grew and industrialization was accelerated. During nearly two decades, therefore, from the end of the depression of the nineties to the outbreak of the World War, the American wheat industry showed no marked outward signs of developing a chronic surplus, indeed seemed to be better off in this respect than it had been during much of the twenty-year period preceding the depression of 1893.

Looking back, however, an acute observer has no difficulty in seeing that certain of the factors which produce the American wheat surplus of today were already present in embryo, at any rate in the latter part of the pre-war period: 1, the tendency of consumption to decline; and 2, a succession of changes and improvements in the technique of wheat growing.

Despite the difficulties of procuring accurate data bearing on such a question, there seems to be general agreement among the most reliable investigators that whereas the per capita consumption in the United States averaged something like 5⅓ bushels annually at the turn of the century it has probably been less than 4¼ bushels in recent years. This would mean a falling off in domestic demand of something like 150 million bushels, or about 18 percent of our total production. It is not necessary for our present purposes to go into any extended explanation of causes, and at best these are not too clear. But apparently the drop in wheat consumption is chiefly accounted for by the American population's shift from more exposed and more physically violent outdoor occupations to better sheltered and more sedentary industrial employment, and a change in dietary habits away from starchy foods in favor of vegetables, dairy products, and particularly sugar.

Turning to the question of technological changes in the production of wheat, we find a story which is interesting in itself as well as significant for the explanation of the current wheat surplus. The type of wheat culture with which European and particularly British emigrants were familiar, and which they brought to this country, was that of moist-land farming. The abundant rainfall and damp atmosphere of England contributes to the development of a full, starchy kernel — an extremely "soft" wheat. The Continental areas from which our early agricultural immigrants came were also well watered. But as wheat growing spread westward in the United States it reached lands suitable in terms of soil and temperature but increasingly deficient in

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moisture; this was strikingly so as settlers moved into the second tier of states beyond the Mississippi River. The lesser humidity conduced to the growing of high-protein or "strong" wheats, and one phase of the development of the new technique of wheat growing consisted in exploring other sub-humid areas (such as Turkestan) to find wheats which would flourish with a comparatively scant supply of moisture.

The development of a hard winter wheat industry in the United States has been greatly facilitated by the fact that the millers wanted such high-protein wheats. They made the type of "strong" flour which the baker desired, because it took up a larger amount of moisture and made more loaves of bread of a desirable texture and appearance. Moreover, this new type of wheat culture showed a differential superiority in that it could be practised on the level lands of our Great Plains and could utilize most fully the labor-saving machinery which had been developed since the application of the gasolene engine to power farming. In other words, the wheat industry of the United States has shown a pronounced shift from the moist regions east of the Mississippi and from the immediate trans-Mississippi section to the dryer areas of the West, where it has used low-cost methods to produce high-quality wheat on lands previously considered suitable only for grazing. In the quarter century from 1906 to 1931 the wheat lands in the 31 Eastern states dropped from 23,100,000 to 12,660,000 acres, while the 17 Western states showed an increase from 24,200,000 to 42,400,000 acres. This development has tended to expand the industry, on a basis of declining costs, along the western margin of our wheat area; at the same time no easy alternative has been offered to the older wheat-growing sections to shift out of this industry. Thus the growing surplus of the Southwest began to bear down heavily on the wheat farmers of Illinois, Indiana, western Maryland, and the Shenandoah Valley much as the wheat from Ohio and Indiana had crowded the New England wheat producers a century ago.

The broader significance of this development in wheat farming technique is to be found in the fact that there are in various parts of the world very considerable areas of land well adapted to these low-cost methods of production. The western provinces of Canada, the wheat-growing regions of Argentina and of Australia, and enormous lands in Russia (particularly in Asia)

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possess qualities of soil, climate, and topography which have already enabled these areas to expand greatly as suppliers of the world's wheat in competition with our farmers. Canadian wheat, for example, is predominantly of the high-protein grades which are regarded as most superior in the United States; and Canadian production, which, as we said a moment ago, was just establishing itself on the 200 million bushel level at the opening of the World War, advanced to a peak of 567 million bushels in 1928. Many agronomists who have studied the undeveloped resources of western Canada claim that Canadian production could be doubled before a serious barrier was reached. Similarly, a highly expert student of this problem in the United States Department of Agriculture, after a reconnaissance survey of available lands of the type in question, particularly in Asiatic Russia, has forecast a wheat area of over 800 million acres, or perhaps ten times the present area.[1]

While both these estimates are sharply challenged, it seems clear that the shifting of wheat technique to the use of subhumid lands and tractors has expanded the competitive area to an extent which is little less than revolutionary. In the light of this development we may call to mind the gloomy prediction of Sir William Crookes, made at the close of the nineteenth century, to the effect that the world was rapidly approaching the limit of its wheat-producing resources, was faced with drastically mounting costs, must of necessity sharply curtail consumption, and might even have to check the cultural advance which had been characterized by the moving of backward peoples from rice, corn, and rye diets onto a white-bread standard of living. In his presidential address before the British Association for the Advancement of Science in 1898 Crookes said:

> Land is a limited quantity, and the land that will grow wheat is absolutely dependent on difficult and capricious natural phenomena. I am constrained to show that our wheat-producing soil is totally unequal to the strain put upon it. . . .
>
> Practically there remains no uncultivated prairie land in the United States suitable for wheat-growing. . . . It is almost certain that within a generation the ever increasing population of the United States will consume all the wheat grown within its borders, and will be driven to import, and, like ourselves, will scramble for a lion's share of the wheat crop of the world. . . . Although Russia at present exports so lavishly, this excess is merely provisional and

[1] C. F. Marbut: "Russia and the United States in the World's Wheat Market," *The Geographical Review*, January 1931, pp. 1–21.

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precarious. . . . Prince Hilkoff, Russian Minister of Ways and Communications, declared in 1896 that "Siberia never had produced, and never would produce, wheat and rye enough to feed the Siberian population." And, a year later, Prince Kropotkin backed the statement as substantially correct. . . . The most trustworthy estimates give Canada a wheat area of not more than 6,000,000 acres in the next twelve years, increasing to a maximum of 12,000,000 acres in twenty-five years. . . . There is no prospect of Argentina ever being able to devote more than 30,000,000 acres to wheat; the present wheat area is about 6,000,000 acres, an area that may be doubled in the next twelve years. . . .

The details of the impending catastrophe no one can predict, but its general direction is obvious enough. Should all the wheat-growing countries add to their area to the utmost capacity, on the most careful calculation the yield would give us only an addition of some 100,000,000 acres, supplying at the average world-yield of 12.7 bushels to the acre, 1,270,000,000 bushels, just enough to supply the increase of population among bread-eaters till the year 1931.[2]

Although this prediction was qualified by the statement that "starvation will be averted through the laboratory," that escape involved a large use of chemical fertilizers, intensive cultivation, and high production costs. The opposite has transpired. In fact, it was less than a decade after Sir William Crookes made his prediction of a wheat shortage that the general outlines of the new wheat-growing technique began to emerge. Farmers along the semi-arid frontier began experimenting with methods of "dry farming." Gradually drought resistant types of wheat were introduced. Then, about 1910, the tractor began more and more to displace the horse. Tractors were enormously improved during the war period, both as regards construction and the materials used in their manufacture; and various types of tractor-drawn implements were rapidly perfected. The new methods economized man power and made previously submarginal lands available — indeed superior — for wheat growing. Simultaneously demand was strong and prices high, and our competitors (particularly Argentina and Australia) were seriously handicapped by their distance from the European market, by a shortage of ocean shipping, and by the difficulties of naval escort. This great stimulus came just at a time when the major details of the new farming technique had been fairly well perfected, and as a result American wheat acreage rose from its pre-war average of less than 50 million acres to over 75 million acres in 1919.

In this development lies the origin of the present American

[2] Sir William Crookes: "The Wheat Problem," pp. 3–28.

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wheat surplus problem. It was unexpectedly easy to increase production in response to war needs; it has proved unbelievably difficult to effect a reduction once the need had passed. The pressure of demand did not lift immediately upon the signing of the Armistice, but it moderated rapidly and cumulatively in the years immediately following. Only a short time passed before the supplies of our chief competitors again began flowing into the European market. Men returning from the armies of Canada and Australia augmented the labor force of those countries and applied themselves to wheat production armed with the labor-saving machinery which had been so rapidly adopted during the period of labor shortage. Argentina also adapted the new methods to a considerable extent. American manufacturers had been the pioneers in developing power-farming equipment, but the farmers of other countries were not slow to take advantage of the new devices. In some years during the post-war decade the exports of American tractors and tractor-drawn implements were greater than the domestic sales. Finally, too, seeing that they would probably be unable to recover their previous industrial and trade position, most of the countries of Europe began to adjust their economic systems in the direction of a greater agricultural self-sufficiency.

It is a curious anomaly that, while the development of low-cost methods and the increasing utilization of low-cost areas have been going forward so aggressively elsewhere, Europe's policy in general has been directed toward increasing the home production of wheat in areas and by methods which entail high unit costs. Caught in the financial demoralization of the post-war period, they have sought to reduce imports to the minimum and have utilized the devices of protective tariffs, milling quotas, and other import restrictions to check the entry of wheats from countries where production costs are lower.

In examining the post-war problem of our wheat surplus we may conveniently divide the discussion into two periods, the first running from 1920 to 1929 and the second that since 1929. During the first half of the first of these periods there was a reduction of acreage well toward the pre-war level; this was followed, during the second half of the period, by a rebound to a point about halfway between the pre-war acreage and the acreage of 1919. A systematic campaign of education brought the acreage of the 1925 harvest down to 52.4 million acres from the 75 million

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acres harvested in 1919. The apparent reduction is somewhat exaggerated by the fact that the winter wheat sown in the fall of 1924 was abandoned on an unusually large scale. The resulting short crop brought a good price; and this stimulus, added to that supplied by the growing momentum of the development of large mechanized farms, caused acreage to increase rapidly during the next three years, until in 1929 it reached 62.7 million acres.

During this period there was plenty of talk about the "wheat surplus" and plenty of grounds on which to base such talk. However, the drop in the price of wheat had not been ruinous, as shown by the fact that in no year did the December 1 farm price reported by the Department of Agriculture go below 92 cents (as compared with the 1919 peak of $2.15). It was $1.42 and $1.04 respectively in the two short crop years 1925 and 1929. During this period the wheat market was supported by generally prosperous conditions in the domestic market, even when conditions in foreign importing countries were far from satisfactory.

The new and acute phase of the wheat surplus problem was ushered in with the crash of October 1929. Unemployment and reduced purchasing power at home and the further demoralization of economic and financial conditions in Europe and elsewhere dealt the final blow to our over-burdened wheat market. Prices have now dropped to levels which would have been thought impossible a few years ago. The farm price reported by the United States Department of Agriculture for December 15, 1932, was 31.6 cents. Meanwhile the domestic carry-over has risen till on July 1, 1932, it stood at 353 million bushels as compared with about 125 million bushels in 1927 and 1928. The world carry-over has increased about 400 million bushels, of which nearly two-thirds is due to our accumulations. Every effort at the control of production by individual nations or by international agreement has proved futile.

Evidently both temporary and permanent factors enter into the American situation. Their variety and complexity make it extremely difficult to define the real nature of our surplus problem or to draw a base line above which surplus is to be measured. The wheat industry is obviously seeking some formula of adjustment and hoping that some means may be found over the next few years to implement whatever decision a careful analysis of the problem may indicate as necessary. Approaching the matter in a negative sense, I think it may be said that we certainly would not

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regard as an undesirable surplus all the wheat above that amount which could be sold at a remunerative price in the present depressed domestic market or through the present disorganized channels of international trade. We must hope for a not too remote return of prosperity when the power of the world's non-farming population to absorb wheat will be such as to draw down the present excessive carry-over and create a market for a larger international flow of wheat than any hitherto known. That leaves the question: In what areas can this supply of wheat be most successfully produced in the future?

In this connection the United States faces two major issues. First, is it economically necessary for us to withdraw completely from the world market or regard any export as a surplus destined to wreck our price structure? Second, in what areas within the United States could this quantity of wheat be most economically produced? It is extremely hazardous to venture a prediction in the midst of such disturbed conditions as those which now prevail. At the same time, I believe that three general propositions may be laid down with a good deal of confidence:

1. The competition of other countries favorably situated for the production of wheat using modern low-cost techniques is so keen as to necessitate a withdrawal of the United States from a part of the export position which it has occupied in the past. Our exports have run at approximately the 200 million bushel level. It may be suggested roughly that in future approximately half this amount will have to be eliminated.

2. There are two areas in the United States, one rather large and subject to expansion, the other somewhat smaller and probably stationary, which can produce wheats at a very low unit cost within short and economical haul of cheap ocean transportation. These two regions are the interior Southwest, composed principally of parts of the states of Kansas, Oklahoma, and Texas; and the Pacific Northwest, composed of Oregon, Washington, and a fringe of Idaho. These areas are the only probable sources of continuous exports after the adjustment now in process has been worked out. Some casual exports of the less desirable wheats, non-milling grades, and durum will probably persist for a long time.

3. Considerable parts of the older wheat-producing areas of the United States have been rendered permanently unprofitable under the world system of wheat prices which will be dictated in

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the future by the competition of some half-dozen important export countries. A large part of the wheat which these older American areas now produce is destined to be classed as a true and permanent economic surplus, which must inevitably be eliminated even though there is no more profitable alternative presented to the farmer and even though the agriculture of these sections is forced to show a net decline as a result of this process of adjustment.

The extreme low prices of the last three years have had a slight effect in reducing acreage in the United States. The area harvested in 1929 was 62,700,000 acres; in 1930 it was 61,100,000 acres; in 1931 it dropped to 55,300,000, and last year to 55,200,000 acres. Since the abandonment of fall-sown wheat was very light in the winter of 1931–32, there probably was more of an effort toward reduction last year than appears on the face of the harvest figures. Sowings of winter wheat last fall were down to 39,900,000 bushels as compared with 43,500,000 bushels in the fall of 1930. Thus far it appears that winter losses will be heavy, and there is also a prospect of a reduced world crop. This might result in some reduction of the excessive carry-over. But only the resumption of industrial employment and a freer commercial interchange over the world as a whole will put us in the way of a permanent solution of the problem. Until we have a better gauge of the purchasing power of the world's consumers during the next decade or so we cannot try intelligently to fix the proper scale of our American production.

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THE BALANCE SHEET OF THE FIVE YEAR PLAN

By William Henry Chamberlin

THE Soviet Five Year Plan of national development (shortened in practice to a four-and-a-quarter year plan) came to an end December 31, 1932. In retrospect we see that the adoption of this gigantic blue print for the regulation of every branch of social, economic and educational activity was one of the three most important dates in the history of the Russian revolution, the other two being the Bolshevik revolution itself on November 7, 1917, and the acceptance of Lenin's New Economic Policy in March 1921. Variously interpreted as a hope, a menace, a warning, a challenge and a chimera, the Plan has focussed foreign eyes on the Soviet Union. The interest which it has aroused has naturally been enhanced because it has coincided with a world crisis of unprecedented severity.

Although final figures will not be available for several months, it is already possible to strike a rough balance-sheet of success and failure. Plainly the Plan can neither be hailed as an unqualified triumph nor dismissed as a dismal and complete defeat. Under the pressure of circumstances, some external and some internal, the Plan has developed along lines very different from those which its makers foresaw. It was originally conceived as a program that would simultaneously push ahead the industrial and the agricultural development of the country; moreover, it was to increase greatly industrial output and at the same time raise the general standard of living. In practice, agriculture has been sacrificed to industry; while the unmistakably rapid large-scale industrial construction which has been achieved has been at the expense of an equally unmistakable deterioration in the general living standard. The Five Year Plan has been conspicuously successful in dotting the country with big new factories and power plants, in drawing masses of the peasants into the new collective farms, in averting the widespread unemployment and the paralysis of new constructive enterprise that have been the scourge of America and Western Europe during the last three years. It has proved conspicuously unsuccessful in giving the average Soviet citizen satisfactory food and housing or in supplying him with manufactured goods. If Russia escapes the de-

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pressing spectacle of mass unemployment, it has been confronted with a serious problem in the shape of great numbers of workers and peasants wandering about the country in search not of jobs, which are plentiful, but of adequate food and housing, which are not.[1] It has proved easier to build huge new plants than to operate them efficiently; to bring peasants (with the warning of the "liquidation" of the kulaks before their eyes) into collective farms than to obtain from those farms the productivity of labor that would relieve the chronically strained food situation.

Passing from summary impressions to concrete details, one finds that in some branches of industry, notably oil, tractor and machine-building, the estimates of the original Plan have been surpassed. On the other hand, the basic iron, steel and coal industries are so far behind their schedules that they cannot conceivably produce in 1932 the amounts demanded for the last year of the Plan, namely 10,000,000 tons of iron, 10,000,000 tons of steel and 75,000,000 tons of coal. Soviet official figures for the first ten months of 1932 report an output of 5,100,000 tons of pig iron, 4,900,000 tons of steel and 52,400,000 tons of coal. Some of the consumption industries, notably textiles, have also lagged behind the figures prescribed by the Plan.

Industrial output in the Soviet Union has been increasing by something like 20 percent annually, although preliminary estimates show that in 1932 this rate of growth declined to 13.8 percent. This is a fast rate of quantitative progress, even taking into account the fact that Russia's relatively slight industrial development makes it less striking than it would be in a country with a greater annual volume of production. Making the inevitable discount for low quality (this feature has perhaps been accentuated in recent years because the opening of many new plants has intensified the shortage of trained industrial executives, engineers and skilled workers), one cannot escape the conclusion that Russia has made considerable strides toward its goal of becoming a powerful industrial country. The significance of the progress which has been made in this direction is likely to be more clearly discernible during the next few years, after some of the large enterprises which have now just started or are on the eve of starting are in full operation and when the "growing

[1] It remains to be seen whether the draconic decree issued by the Soviet Government in November, threatening absentees from work with loss of food-cards and rooms (if they dwell in factory-owned houses) will check effectively the enormous labor turnover which previously took place in spite of restrictive measures.

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pains" which beset every large new Soviet factory have been alleviated if not eliminated.

In agriculture the situation at the end of the Five Year Plan is much less satisfactory than it is in industry. When Communist leaders discuss agricultural achievements they are apt to point to such structural changes as the organization of over fifteen million peasant households in 211,000 collective farms, the creation of a considerable number of state farms with a total area of almost thirty million acres, and the establishment of over 2,000 machine-tractor stations, central establishments from which tractors and large machines are sent out to serve the neighboring collective farms.

But state and collective farms and machine-tractor stations are not, or should not be, ends in themselves. Their purpose is to produce food; and from this standpoint Soviet agriculture leaves much to be desired. The acreage under cultivation is now 340,000,000 acres, as against the 355,000,000 acres which the Five Year Plan demanded. The harvest yield in grain this year will in all probability be at least 25,000,000 tons below the figure of 106,000,000 tons which was set for achievement in the last year of the Plan. And this striking discrepancy between a slight underfulfilment as regards planted acreage and a serious underfulfilment as regards crop yield indicates the root of the Soviet agrarian difficulties. Quality has been recklessly sacrificed to quantity. Every year more land has been planted than could be effectively harvested in view of the shortage of animal power and of labor. Every year great quantities of grain, sugar beets and other crops have been left unharvested in the fields.

Such large-scale losses were unknown in the years when the peasants farmed the land on an individual basis; and this fact, combined with the poor care of the fields which is now very noticeable in some parts of the country, suggests that the simultaneous mechanization and collectivization of agriculture is more difficult in practice than in theory. The stimulus of private ownership of land is a tremendously strong one in agricultural pursuits; and so far, despite much experimentation, it cannot be said that a satisfactory substitute has been found. The process euphemistically described as "liquidation of the kulaks as a class," which involved the economic extermination of the more prosperous four or five percent of the peasantry, is also bearing bitter fruits. For the kulaks were as a general rule the best farmers

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and produced an amount of food out of all proportion to their numerical weight in the population.

Russia's most serious agricultural problem today is in the field of animal husbandry. There has been no appreciable recovery from the stunning blow which the country's flocks and herds received in the winter of 1929–1930, when about a quarter of the cows, a third of the sheep and half of the pigs were destroyed by the peasants, partly as a protest against forcible methods of collectivization, partly because the ruthless requisitions of grain did not leave them enough feed for their beasts. Indeed, the process of slaughtering cattle was resumed, although on a smaller scale, last winter. Agriculture, especially in the Ukraine, seems in danger of falling into a vicious circle, with the diminished number of working cattle causing a lowering of the planted acreage, and this in turn causing further reduction in the number of the cattle.

It is not surprising, in view of the present unsatisfactory state of agriculture, that the promise of the original Five Year Plan to increase per capita consumption of meat in the towns by 27.7 percent, of eggs by 72 percent, of milk products by 55.6 percent, has most emphatically not been realized. A food situation that would have been difficult in any case, as a result of the decline in livestock, has been gravely aggravated by two additional factors: the abnormally rapid growth of the towns, especially those which are sites of big new factories, and the necessity for forcing all available exports, including foodstuffs, in order to obtain the wherewithal to pay for machinery and equipment.

The Five Year Plan has gone definitely awry in the complicated sphere of prices, costs and wage-scales. The original Plan prescribed a steady rise in money wages, to be accompanied by an even greater increase in real wages as a result of a reduction in the cost of living. The process of increasing money wages has gone ahead even faster than the Plan foresaw; and it would be easy to create a misleading impression of a rapidly rising standard of living by merely citing money wage increases without mentioning the highly important fact that the purchasing power of the ruble has been dropping much faster than the wages have been rising. Soviet statistics in recent years have been noticeably reticent on such points as the cost of living and the per capita consumption of food. But there can be no reasonable doubt, in the light of such obvious facts as the increasingly scanty allotments on ration cards, the fantastically high prices which prevail on the open

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markets, the execrable quality and scant variety of food in almost all the cheaper eating-places, and the complete lack of such simple things as tea and sugar in many agricultural districts, that the great majority of the Soviet population is distinctly worse off, as regards food supply, than it was before the Plan was initiated. Communists have a notorious contempt for miracles, and only a very remarkable miracle could have assured a satisfactory food supply in the towns during a period when the population was increasing and the number of livestock was diminishing.

In the field of currency the Plan has been overfulfilled in rather undesirable fashion. Original estimates set 3,200,000,000 as the number of rubles to be in circulation in the last year of the Plan. Actually the amount of currency now in circulation is in the neighborhood of 7,000,000,000 rubles. Every year the framers of the Soviet budget have optimistically overestimated the amount of money which could be saved through reductions in production costs, and the printing-press has been called in to redress the balance when expected economies did not materialize. This overabundant issue of currency, combined with the shortage of foodstuffs and manufactured goods, has tended to drive prices upward — most of all, naturally, on the free market, but also in state and coöperative shops. The Plan's reckoning on a lower cost of living has been definitely and completely upset by the course of events. The fact that as a general rule people have far more paper money in their possession than they can exchange for the desired foodstuffs and manufactured goods has given rise to the joking conundrum: "Who are the richest people in the world? The Russians, because they don't know what to do with their money."

As a result of the Soviet Government's acute need for foreign currency a curious system of double currency bookkeeping has grown up in Moscow and in all the larger provincial towns. The best hotels, restaurants and stores accept payment only in foreign currency. Naturally this policy tends to devalue the ruble still further, since the most tempting and attractive wares are withdrawn from ordinary circulation and sold only to the fortunate possessors of foreign currency. Where the same objects are sold both for foreign currency and for rubles there are immense discrepancies in price (taking the ruble at its nominal value of slightly less than two to the dollar), a clear indication that the

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official valuation of the ruble is very much in excess of its real purchasing power. The difficulty of exchanging rubles for goods of the desired kind and quantity has led to the development of a surreptitious bartering system, which the authorities denounce but are unable to suppress. A factory that manufactures nails, for instance, will sometimes shortcircuit the elaborate state distributive system by trading a few cases of its scarce and highly valued products for an equivalent amount of textiles, macaroni, confectionery or some other product sufficiently usable to be tempting.

Rumors of currency reform are in the air. While it is not altogether clear how this can be brought about under present conditions, it seems evident that piecework methods of payment and differential wage-scales lose much of their stimulating quality when the ruble possesses such uncertain and scanty purchasing power as it does today. Money salaries and wages are of very little consequence in Russia under present conditions. What determines a man's economic standard of living is not the amount of rubles which he may be paid, but the tangible things which are allotted to him: the apartment in which he lives, the store at which he may buy, the dining-room in which he may eat, the type of rest home in which he may pass his vacation.

The Five Year Plan in the first years of its operation possessed a kind of millennial significance for some observers, both in Russia and abroad. It was rather hastily and credulously assumed that as soon as the Plan was completed difficulties and privations would be a thing of the past. The reality has been very different. The Five Year Plan has proved to be simply an introductory period in a new phase of Soviet economic history, a phase which promises to be no less crowded with problems and difficulties than those which preceded it. As it draws to a close and gives way to the second Plan, which will run from the beginning of 1933 until the end of 1937, Soviet statesmen are confronted with three problems of uncommon urgency.

The first problem, and the most urgent, is the restoration of the peasant's will to work, which alone can cure the present abnormal food stringency. The proverbial endurance of the Russian has been a great asset to the Soviet régime during the last years, when an immense investment in national industrial construction was being paid for heavily in hardships and privations. But there is always the danger of an overdraft on this endurance. More-

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over, one need not be a thoroughgoing Marxian materialist to recognize the truth of the general proposition that a high standard of living and high labor productivity are closely and inseparably associated. High skill and technique go with high real wages. A Russian worker, inured to hardship and pumped continually with Communist propaganda, may put up stolidly with such familiar discomforts as crowded housing conditions, unappetizing food, and standing in queues at stores. But it is doubtful whether this worker, under these conditions, will or indeed can achieve the level of skill and productivity of a corresponding worker in Western Europe or America.

The Communist Party leadership has recently adopted several measures with a view to improving the food supply. The quantities of grain, meat and other produce to be requisitioned from the peasants have been reduced; somewhat freer trade is permitted on the markets; factories are urged not to rely entirely on the overstrained central supplying agencies, but to cultivate their own kitchen-gardens and pig and rabbit farms; there is increased emphasis on the necessity for producing more goods for the consumer, and especially for the peasant. During the winter there has been a marked tendency to substitute a fixed levy, payable in kind, for the former practise of compulsorily buying up at fixed prices the whole of the peasants' estimated surplus crops. Whether these measures will revive the peasants' morale and turn the curve of agricultural output upward remains to be seen. We shall know more, perhaps, after Russia has passed through the period of late winter and early spring when the food supply is always at a seasonal low point.

A second major problem, somewhat vaguer in character and yet very important, as anyone who has made a round of new Soviet factories knows, is the education and training of industrial executives, engineers, technicians and skilled workers. Lack of trained men in all these categories is an important cause (though not by any means the sole cause) for the high percentage of waste and breakage in the big new plants. And this waste and breakage, in its turn, is a constant heavy drain on the people's living standard. The Soviet effort to operate the huge new steel, tractor, automobile and chemical plants which have been created under the Five Year Plan sometimes suggests an attempt to break in a spirited horse, which gives his rider many falls before he can be tamed.

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The third problem is one which Russia shares with almost all countries which produce primary commodities on a large scale. It is how to maintain a satisfactory balance of payments in the face of the contracting markets and falling prices which accompany the world crisis. During 1931 the unfavorable Soviet balance of trade amounted to 294,200,000 gold rubles; and this was increased by 135,700,000 gold rubles during the first ten months of 1932. During that same period Soviet exports declined by 31.5 percent and Soviet imports by 35.1 percent, in comparison with the corresponding period in 1931. The Communist boast that the world crisis stopped at the Soviet frontier rings less and less convincingly as year after year rolls by without relieving the stringency in food and manufactured goods. It is true that Russia has escaped unemployment and industrial stagnation. But it is equally true that the employed population is subjected to deprivations which could scarcely be paralleled in other countries. The necessity for exporting foodstuffs which can ill be spared at home, for cutting off the list of imports almost every item that ministers to the immediate need of the consumer — these important factors in keeping down the Soviet standard of living are the direct result of the fact that the Soviet Union is able to sell less abroad, and at much lower prices than those which prevailed two or three years ago. Paradoxical as it may seem, Soviet Russia's best chance of relieving the strain on the population and appreciably improving its standard of living in any predictable future would seem to lie in a world capitalist business upturn, which in all probability would bring higher commodity prices and easier credits. The converse side of this proposition, that world economy would benefit from any improvement in Russian conditions that would make Russia a larger purchaser on world markets, is equally true.

No survey of the Five Year Plan would be adequate if it left out of account the social by-products of the Plan. For these recent years have seen a tremendous uprooting of old standards, values and habits. The rapid changes taking place in the face of the Russian land is both a result and a symbol of this fact. Five years ago a shrewd foreign observer remarked on the contrast between the social upheaval that had taken place in the country and the relatively slight changes in the physical aspect of the cities and the countryside. This observation no longer holds good. Moscow's skyline is changing almost continuously as old

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landmarks (*e.g.* the golden-domed Cathedral of the Redeemer) are demolished, new public buildings completed, and old squares and streets broadened. In almost any large provincial town one will find not only one or more new factories, but rows of new brick tenements which stand out in striking contrast to the little frame houses in which people lived in the pre-revolutionary years.

The Five Year Plan has coincided with, and to some extent caused, immense drifts of population, from the country districts to the towns, for instance, and from older settled regions to dozens of new population centres that have sprung up around new enterprises. The erection of a huge steel plant on a stretch of steppe where Kirghiz nomads formerly roamed or the establishment of a state farm in the uplands of the Caucasus inevitably influences and changes old habits and ways of life.

The Plan should not be thought of as an impersonal collection of projects and blue-prints, or the resulting masses of bricks and mortar and concrete. It is an intensely human drama, and there are very few people in Russia whose lives have not been affected by it for good or for ill. Thus the Plan has fired the imagination of the youth of the country and has helped to make the Soviet Union a land of opportunity for young people (always excepting those who are discriminated against because of their aristocratic or "bourgeois" class origin). At a moderate estimate, it has doubled or trebled the number of posts of authority and responsibility in the country. It has created an insatiable demand for new engineers, technicians, teachers, agricultural experts, executives in industry, agriculture and trade. It has accentuated the social fluidity of the Soviet system, the ease with which the common man may rise from the ranks and be promoted. Quality has certainly often been ruthlessly sacrificed to quantity in the production of new specialists; the young Soviet engineer is seldom able to do as good work, and almost never receives the same material reward, as his more carefully trained colleague in America or Western Europe. But the sense of opportunity is there; and, despite all the bleak, drab and hard sides of Soviet life in recent years, one cannot overlook or underestimate the fact that Russia has escaped one of the great human tragedies of the world crisis: the plight of the highly educated and trained young man or woman who finds no place in an upset social and economic order.

Not that the Plan lacks its dark and tragic sides. One thinks instinctively of the well-to-do peasant who has been torn from

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his home and banished, with or without his family, to perform rough labor in some remote and inhospitable spot; of the engineer or professor who has been summarily exiled to a concentration camp on some charge of disloyalty or sabotage; of the priest who sees his old church torn down to make way for the edifices of a new iconoclastic and intolerant faith. The Five Year Plan, like the revolution itself, is far too vast a social drama to permit any arithmetical computation of the amount of happiness and unhappiness that may be laid to its account. As in all periods of violent ferment the score of both is a long one.

What is the significance of the completed Plan for the outside world? The idea, current some two years ago, that the Five Year Plan carried a gigantic "Red trade menace," which would take the form of flooding all the world's markets with cheaply produced Soviet goods, has been pretty thoroughly disproved by actual developments. The value of Soviet exports in 1931 declined by 21.7 percent in comparison with 1930; the figures for the first ten months of 1932 show a further shrinkage of 31.5 percent in comparison with the corresponding period of 1931. Judging from preliminary indications, Soviet exports in 1932 (the last year of the Plan) will be the lowest in many years and will be considerably less than half the value of Russia's exports in 1913.[2] The real "Red trade menace" is rather that the Soviet Union may find itself obliged to cut its purchases abroad to a minimum figure, thereby removing a valuable market from foreign manufacturers of machinery and equipment.

Besides arousing fear the Five Year Plan inspired hope among economists who incline to see in organized planning at once a cure for the present crisis and a preventive of future crises. As a matter of fact, however, accurate and balanced planning had extremely little to do with such industrial progress as Russia has achieved during the last few years. Some of the miscalculations which were made both in laying out the original Plan and in executing it were so glaring that if the functioning of the Soviet economic system had depended upon precise fulfilment of the original estimates a very negative verdict would have been necessary. The makers of the Plan, for instance, miscalculated the requirements of transportation so badly that freight transport has been a weak spot in the country's economic life despite the fact that

[2] Soviet exports during the first ten months of 1932 amounted to 461,400,000 rubles, as against Russian exports of 1,506,100,000 rubles in 1913.

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the original calculations for freight transportation in the last year of the Plan have already been exceeded. Last year's schedule called for the production of 8,500,000 tons of pig iron; the actual output was only 4,900,000. In the present year there is every indication that the production of iron and steel have fallen short of the schedule by 40 percent, while the coal plan has been underfulfilled by 30 percent. Such chronic and serious miscalculations suggest guessing or hoping rather than planning and do not indicate that the Soviet Union has yet evolved the technique of making up a balanced and realistic national economic plan. Indeed, there is an amusing and rather typically Russian discrepancy between the painfully exact calculations, down to the last decimal point, of how much of every given object is to be produced at the end of a year, or of five years, and the frequent chaotic changes and revisions in the working plans of individual factories and enterprises.

Not in accurate planning, but in the concentration of the whole national production apparatus in the hands of a state armed with dictatorial powers lies the real explanation of Russia's extraordinary contribution to economic history during the last four and a quarter years, and of the success of the Plan in promoting industrial construction and its simultaneous failure in raising the standard of living. There is an infinite field for study and research in Russia's venture into the sphere of planned economy. But unless some country desires to adopt the Soviet system lock, stock and barrel (and no such tendency is visible today), the planned economy that is essentially a part and function of the Communist dictatorship perhaps offers more scope for study than for imitation. Certainly a government that had to face periodic popular elections would have found it impossible either to exact the sacrifices which have accompanied the Five Year Plan or to carry out such measures as the collectivization of agriculture and the liquidation of the kulak class.

There is something about Russia, or at least about Soviet Russia, that predisposes the observer to superlatives. That is one reason why the Five Year Plan usually has been either overpraised or overdamned abroad. January 1, 1933,was not very different in Soviet Russia from December 31, 1932. The country was not transformed into an earthly paradise because some parts of the Plan had been fulfilled, nor did it collapse because other parts had not been fulfilled. Viewed retrospectively, the first Five

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Year Plan will appear merely the bare beginning of a process probably requiring most of the present century — the process of transforming the Soviet Union into a highly industrialized country, with well-built cities, a thick network of roads and telegraph and telephone lines, and a high per capita consumption of food, clothing and other comforts and necessities. The real test of the validity of the Soviet assumption that economic planning of the national life on a large scale is feasible probably lies in a far distant future. Today, however numerous and harassing may be the difficulties of Soviet economic administrators, there is no need for them to have the slightest fear of overproduction. There is not a single field of economic life where demand is not several jumps ahead of supply. The test of planning will come when the Soviet Union can match America and Western Europe in the volume and quality of its output of staple foodstuffs and manufactured goods. Then the planners will have an opportunity to show their worth by so adjusting production to consumption, by so quickly transferring labor and capital from a saturated industry to one not yet in that condition, that a normal rhythm of industrial progress can be maintained without slumps, stagnation and unemployment. But when one looks at the bare shelves of many Soviet stores today one realizes that this test lies far, very far in the future.

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CHINESE PUBLIC OPINION

By T. J. Betts

THE strength of public opinion in China is well recognized despite the apparent dearth of means for its registration or mobilization. For example, the Kuomintang triumphed in 1926–28 primarily because it had gained general public support; and the Nineteenth Route Army fought at Shanghai against the desires of China's constituted leaders and in response to popular pressure. Again, the possibilities of Sino-Japanese conciliation remain practically unexplored because Chinese statesmen feel bound by the popular insistence that there shall not be the slightest tendency toward compromise.

In general, the Chinese philosophy of government is based on the reason of the governed, rather than on law. The final check on the autocratic power of the ruler, whether of the county, the province or the nation, is that he must conform to the traditions and ethics established for the people as a whole. When dynasties collapsed, they were said to have exhausted the mandate of heaven; in most cases they really had forfeited public confidence.

The laws which govern this force are imperfectly understood alike in China and America. To borrow an analogy from physics, we know its statics, but have only limited means for ascertaining its dynamics. The power of a disciplined and determined minority to impress its will on an apathetic or demoralized majority exists throughout the world, regardless of governmental forms. Intensity of feeling is more powerful than mere volume. That is why any method of counting heads furnishes an imperfect and incomplete indication of the real popular will. And those men who win renown as leaders of public opinion have never been able to rationalize or formulate their methods. In the last analysis they rely on instinct, intuition and tact to determine what the public wants and how badly it wants it.

But even admitting this limitation we still are able to make some sort of qualitative comparison of Chinese and American public opinion. It so happens that the ethos of each people provides a common starting point. In both countries popular judgments are almost invariably based on a criterion of morality. To attain any widespread support, an issue must possess a definite ethical significance, some appeal above that of ex-

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pediency. In China, as in America, public opinion mobilizes effectively and powerfully only in matters that can be labeled as "right" or "wrong."

But while the two peoples have this in common, their courses soon diverge, for the reason that the two underlying ethical systems are so dissimilar in content and outlook. The Chinese concept of morals tends to be set and rigid; the American is more elastic. When the price of grain drops, the American farmer has little difficulty in persuading himself that sinister and immoral forces have caused his misfortune and that governmental measures for redress are in order. The Chinese husbandman feels that a low cash return on his rice crop is part of his destiny, confirmed by centuries of experience, and is to be borne in silent stoicism. On the other hand, crop failures resulting from natural calamities are accepted by American farmers as acts of God, to be accepted quietly and mitigated by governmental aid. The Chinese traditionally associate flood, drought and famine with the shortcomings of their rulers (who must have sinned against Heaven by maladministration), and hence these natural afflictions normally give rise to popular unrest and turmoil.

Again, Chinese officials can afford to disregard petitions for relief from taxes, even when these requests emanate from a broad and rightly aggrieved section of the community. Taxers and taxed alike feel that fiscal oppression to the verge of destruction is sanctioned by centuries of usage, and in consequence widespread indignation and suffering only rarely result in any mobilization of public opinion on an ethical basis. Yet these same Chinese authorities will hesitate long before decreeing the execution of a single obscure and seditious student. The man they may desire to remove has a definitely safeguarded niche in the social system. He is a scholar before he is a traitor. For him to be secure is accepted as having a permanent moral importance, and violence done to him, regardless of his deserts, can be counted upon inevitably to arouse mass resentment and to crystallize public opinion against his judges.

This rigidity of the moral frame within which Chinese public opinion usually must be accommodated has important consequences. The first is that the popular reaction to usual happenings can be predicted with fair accuracy, so that responsible politicians can generally manage to steer their course in a way to avoid arousing mass opinion. Here we find the roots of the

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common belief that Chinese popular thought is rudimentary or ineffective. It would be more accurate to say that the tendency toward rigidity in group thinking is so pronounced that by a show of dexterity leaders can avoid awakening adverse public opinion. In this light many of the complex manœuvres of Chinese politics become understandable. The politicians are avoiding the fixed obstacles of a static popular thought.

This rigidity and traditionalism make the mobilization of opinion of large sections of the people regarding new issues and problems slow and difficult. But when opinion is aroused, the action, because of its very rarity, assumes the proportions of a major psychological event. Perhaps the most important instance of it in recent years has been the indoctrination of popular nationalism by Sun Yat-sen and his disciples. As time gives perspective to the work of that great revolutionary, it appears probable that his most lasting accomplishment will be recognized to have been the building-up of a broad nationalistic caste of thought among the Chinese. Yet even here, for the complete accomplishment of his aims, he was forced to blur pure nationalism into traditionalistic anti-foreignism.

Finally, the fact must be stated that the rigidity of public opinion in China can make for the most explosive sort of mass action. The cultural and psychological homogeneity of the race is so perfect that what appeals to the individual or to the section can evoke a similar reaction throughout the whole people. Local antagonisms and rivalries often exist, local interests can and do differ, but speaking broadly there are no local feelings in China. An effective slogan in Peiping will produce equal results in Canton. Commercial advertising in China does not need to make sectional appeals. Indeed, Chinese public opinion may be likened to a vast water table, overlaid by hardened strata of convention and illiteracy. It may be tapped, though with difficulty, by wells driven at any point, and the process of draining by these outlets affects the whole spacious area of the country. Nor is it forcing the analogy too far to call attention to the heavy and impervious nature of the retaining strata, the very pressure of which tends to make the release of public opinion assume the character of an explosion. The riots, anarchy and revolts, both local and national, which fill the long record of Chinese history, may be not inaccurately described as detonations of popular feeling which had been compressed beyond the critical point of endurance.

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According to Chinese philosophy and tradition, leadership in popular action and in popular thought was vested in the constituted official. He was the representative as well as the ruler of the people. Furthermore, the official was merged with the scholar. Entry into public life lay through the gates of the state examination halls, and every educated man regarded himself as actually or potentially a public servant. The long and arduous study required for success in the civil service examinations drew men into official careers at relatively mature ages. The net result was the establishment of a great body of the learned, essentially democratic in origin, to whom the mass of the people looked for wisdom and guidance and to whom were accorded deference and honor. While the way to public office and public esteem was not entirely barred to men in other walks of life, in effect the scholars set up amongst themselves a self-perpetuating monopoly of leadership.

The Chinese Revolution has changed this state of affairs subtly and profoundly. It has instituted a cleavage between the scholars and the rulers, and though this cleavage is not clean-cut it nevertheless has operated to limit the influence of both classes without substituting any other force for molding public opinion. True, there still are many scholars in public life, and the National Government is committed to the establishment and maintenance of an influential civil service. But in actual fact many of the men who have risen to power out of the turmoil of revolution are characterized by a lack of cultural background and scholastic tradition. Most of them are soldiers, raised to prominence on the bayonets of their troops; but whether military men or civilians, they represent a break with China's academic heritage.

Because of this dislocation, the ruler has tended to forfeit the confidence of the ruled and to lose much of his power to sway public opinion. The Chinese in authority are fully aware of this. Thus it is that we behold hard-fisted generals ostentatiously writing poetry, studying painting and conducting elaborate rites at the tombs of their ancestors: oriental counterparts of the western rabble-rouser who makes a point of addressing his constituents without a necktie. Yet despite these efforts, the new Chinese officialdom has not been able to bridge the gap that has opened between itself and the republic of letters. There attaches to it the resentment reserved for the parvenu. It possesses physical power, but few instinctive followers. Its ability to mold

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public opinion is seriously less than used to be that of the officialdom which preceded it.

A similar deterioration has set in with regard to the scholar's ability to direct and fashion the trends of popular thought. Where the ruler has lost in public esteem, the learned man has lost in opportunity. His influence has diminished precisely because he no longer holds, through education as such, either authority or the potentiality of authority. Learning is still in high repute in China, where any sheet of paper that bears ink has an honorable status; but the learned are falling from their lofty estate. In consequence, the tendency is for study to become a path to scholasticism rather than a way to the realization of political ambitions. The leader is no longer inevitably an educated man; nor, on the other hand, is the scholar inevitably a leader of public opinion.

On first sight the foregoing observation would appear to merit an important exception. If the scholar has lost or is losing his control over Chinese public opinion, what is to be said of the university student? He still enjoys the general Chinese regard for learning, and he is certainly articulate and active in the leading of popular causes. Much ill has been spoken of the Chinese students. It has been readily believed in America because student participation in political life is alien to the American academic tradition, whereas in many other countries it is regarded as usual and normal. Public activity by the students of China usually can be described as patriotic, courageous and energetic. The Chinese respect it as such. They are willing to overlook its obvious defects: its frequent shortsightedness, the subornation which it entails, its occasional venality, its turbulence, even its flavor of childishness — it is remarkable, for instance, how often political demonstrations by students coincide with the examination seasons! The student's standing as a scholar minimizes even his immaturity. None the less, the Chinese man in the street senses also that the student is frequently an instrument of minds stronger and more experienced than his own, and that he is a creature of enthusiasms, unsuited for long constructive effort. In consequence the students enjoy popular respect because they are students; but their ability to marshal and direct public opinion is much less than is usually ascribed to them.

The business man, that element of the population which with us has the most to say in the development of public opinion, has

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little opportunity to do so in China. His voice is not expected to be raised, and if he speaks he is not accorded much of a hearing. This statement is not to be interpreted as denying the business man's influence in matters of government and national policy. He has economic power, of course, and this is frequently heeded by the government and is sometimes decisive. But to be a molder of popular thought he must also be a scholar or else placed in a position of administrative authority. Otherwise he is almost a cipher.

At this point we may pause to observe that the three elements mentioned — officials, scholars and business men — each possesses characteristic opinions. It is too much to call these elements social classes, for they change constantly, overlap and merge; a single individual may be simultaneously an official, a scholar and a merchant. But on public questions each group tends to develop a characteristic viewpoint which it is anxious to have adopted by Chinese mass opinion and which it would like to have reported abroad as being representative of all Chinese thought. It is these group opinions which are most readily accessible to the superficial investigator. They give rise to many of the conflicting reports concerning the ideas and aims of modern China. Their importance is not to be gainsaid; in numerous instances the thought of Chinese statesmen exercises a greater influence on the march of events than does the thought of the Chinese people as a whole. But to consider such group thought as expressive of public opinion is always dangerous, and deductions based on any such process should always be subjected to critical examination.

The Chinese Revolution, then, has seen the crumbling of the system which used to give China its popular leaders, nor has that system been replaced. This is not to say that leaders have not been forthcoming. A country which, in one decade, has produced a Sun Yat-sen, a Wang Ching-wei, a Feng Yu-hsiang and a Chiang Kai-shek can challenge comparison on this score. But these men are not the products of a system or of an environment. They have challenged and risen superior to both.

China possesses the same means as does America for building up public opinion: the radio, the moving-picture, the stage, the newspaper, the recorded word in books, pamphlets and placards, the spoken word in formal discourse and in gossip. But the effectiveness of the various agencies is very different. With us the mechanics of mobilizing popular thought centers around the

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newspapers. They are our most comprehensive source of information in themselves. But that is not all; they hold sway over and confer authority upon all other forms of communication. If we hear a speech, either from the platform or through the air, we turn to the news reports to study it, to the editorial columns for the interpretation of it. We select the plays and motion pictures which we attend from the printed advertisements and above all from the printed criticisms. We tend to be skeptical of rumors until they achieve publication.

In China, on the other hand, the rôle of the newspaper is much more modest. The Chinese journals are flimsy and sketchy. Their columns bear a deserved reputation for unreliability and for often being mendacious. Most important of all, they reach a limited public. The illiterates of China have been estimated at nine-tenths of the population, and, in addition, great masses of the people cannot think of affording even the absurdly small sums which newspapers cost. Thus the Chinese newspaper reaches only the educated few and assists in forming group opinions among scholars, rulers or business men. It is very far from presiding over every stage of the development of popular thought as is the case in America.

Much the same is true of other forms of the printed word: books, pamphlets and handbills. A limited exception should be noted in the case of placards and posted slogans, which are extensively used throughout China. They are composed of only a few words, and their sense is soon learned. Their force when repeated over and over again is considerable. "Down with Imperialism!" and "Swear to Die for the Country's Salvation!" are implanted as firmly among the Chinese people as "It Floats" and "Ask the Man Who Owns One" are among us. But the limitations of this method of appeal are obvious.

The radio is little more than a toy in China. The drama is chiefly historical, and is unresponsive to current happenings. Motion pictures are usually imported from America or Japan; and when made locally they are based either on Hollywood standards or on the historical drama. All of these agencies are negligible in the development of modern Chinese public opinion.

By the process of elimination, therefore, the spoken word stands out as the preëminent means by which the mind of the people is informed and directed in China. The public speaker, be he orator or story-teller, can make a deep impression locally, but the

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radius of his influence is limited to his immediate audience and is seldom extended by the press. Gossip and rumors, however, spread like wildfire. Events become known or are distorted, are interpreted or misinterpreted, over vast areas with almost telegraphic speed. In matters about which the popular and racial tendency is to be passive, the results are negligible; but in matters about which the people are open to suggestion mass emotion may develop to the point where it verges on hysteria. In China, then, the spoken word is king; but its effectiveness is conditioned by the set standards of those who listen. We have followed a circle and are back to the fundamental homogeneity of Chinese group thought and its rigid frame of traditionalism.

To sum up, Chinese public opinion is badly informed, inadequately led, imperfectly organized. It often remains unexpressed. Yet it exists as a dynamic force of tremendous potentialities and the occasional expression of it is overwhelming. It must be taken into careful account by any observer, historian or statesman who wishes to have a real understanding of what has been done and what can be done in China.

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UNION OR DISUNION IN CENTRAL AMERICA?

By Raymond Leslie Buell

LYING between the Panama Isthmus and the southern border of Mexico are five tiny republics. Having a combined population of less than six millions and raw materials of little value, these republics are of international importance largely because of the accident of geography. Should they fall under the control of a foreign power, the position of the United States at Panama might be threatened under prevailing international standards. The maintenance of the "independence" of these republics is therefore a "vital interest" of the American government. Central America has much the same political importance to the United States that Egypt has to Great Britain and Manchuria to Japan.

It has been customary to regard the Central American republics as "backward." Except in Costa Rica, the rate of illiteracy is high, revolutions are frequent, financial difficulties are chronic, per capita trade is extremely low. The course of the present international depression, however, has unsettled traditional judgments; many countries which have been regarded as "progressive" have fallen into the dumps; many "backward" countries have shown a high degree of stability and capacity to survive. It is not too much to say that Central America has weathered the economic and political storm of the last few years more successfully than supposedly further advanced countries in South America.

Nevertheless, in common with the rest of the world, Central America has suffered from the depression. The five republics have experienced difficulties in raising foreign exchange to meet their debts, and in balancing their budgets. During 1932, Salvador, Nicaragua and Costa Rica declared partial moratoria. No republic of Central America is however in complete default, in contrast to many countries elsewhere and to the bankrupt condition which existed in Central America twenty years ago. Central America's two leading exports — bananas and coffee — have slumped heavily. But the world price of coffee declined less during the last two years than that of any other of the world's raw materials; while the market for the mild variety which

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Central America produces has been better than for the coffee of Brazil. Owing to a low standard of living, the unemployed of Central America have suffered less acute distress than that experienced in more industrialized parts of the world; if need be, the people can live from the soil.

During the last few years revolutions have occurred on the isthmus but they have not been nearly so violent or so indecisive as in many other countries. In December 1930 an army clique forced Baudilio Palma out of office in Guatemala, installing General Manuel Orellana in his place. Partly because the United States withheld recognition, General Orellana resigned, and as a result of elections held in February 1931, General Ubico, representing a coalition of Liberals and Progressives, was elected.

Honduras, once a chronic center of civil war, has manfully continued along the path of constitutional government begun with the rule of Paz Barahona, a Conservative, in 1925. After an admittedly fair election, he was succeeded in 1929 by Dr. Mejía Colindres, a liberal. Dr. Mejía has just retired in favor of a Conservative, General Tiburcio Carías, who won the election of October 30, 1932. Following this election a revolt occurred which both President Mejía and President-elect Carías opposed. Although at one time the rebels threatened Tegucigalpa, Generals Reyna and Fonseca were forced in January to flee across the frontier into Nicaragua, where they were interned. It is too soon to predict, however, whether constitutional government in Honduras has won a permanent victory.

For a time Costa Rica, politically the most advanced of these countries, was threatened with a serious situation owing to the fact that the presidential election, held on February 14, 1932, failed to give the necessary majority to any candidate. One of the aspirants, Castro Quesada, former minister to Washington, took advantage of this situation to start a revolt; but it was quickly suppressed. On May 1, Congress broke the deadlock by choosing as the next president Costa Rica's Grand Old Man, Don Ricardo Jiménez, who had twice before been president and who is the outstanding figure in the country. The present heads of all three governments in Guatemala, Honduras, and Costa Rica are regarded as stronger personalities than their predecessors.

In the two remaining countries of Central America — Nicaragua and Salvador — events of more than usual interest to the United States have recently transpired. In the first of these

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countries, the United States has terminated an intervention which, save for a brief period in 1925–26, had existed since 1912. In the second, the State Department has resisted an opportunity to intervene — an opportunity which previous administrations might have readily seized.

Through the instrumentality of a legation guard and other means, the United States kept a Conservative government in power in Nicaragua between 1912 and 1925, although the Liberals constituted a distinct majority of the country. In return, this régime acquiesced in American control of the customs, the railway, and the bank; and in 1914 it ceded to the United States the right to construct the Nicaraguan Canal. Finally conscience-stricken by this policy of maintaining a puppet government, a policy which Japan today is imitating in Manchuria, the United States withdrew the marines in 1925, but without giving up its desire to dominate the country. In October of that year, Emiliano Chamorro, alleging that he had been tricked in the recent elections, executed a *coup d'état* which eventually forced President Solórzano to resign and Vice-President Sacasa to flee the country. The United States not only refused to recognize Chamorro as the *de facto* president but insisted that he resign. The basis for this action was a treaty signed between the five republics at Washington, February 7, 1923, taking the place of a previous treaty signed in 1907. In the 1923 agreement the five republics undertook not to recognize any revolutionary government if its head had been a leader in the revolution or related to such a leader, had been a Secretary of State during the previous six months, or was ineligible to become president under the local constitution. Although the United States was not a party to this agreement, it announced in June 1923 that it would follow these principles as the basis for its recognition policy. The Central American treaty had in fact embodied in treaty form the ideas of "constitutionalism" which Woodrow Wilson had applied, in some cases ruthlessly, to Mexico, Haiti, Santo Domingo, Cuba, Costa Rica, and Guatemala.[1]

Although the United States opposed Chamorro, it did nothing to assist Dr. Sacasa, the "legitimist" candidate, to resume power. After vainly visiting Washington, Dr. Sacasa returned to the east coast of Nicaragua where he established a government and

[1] *Cf.* Raymond Leslie Buell, "The United States and Central American Stability," *Foreign Policy Reports*, Vol. VII, No. 9, July 8, 1931.

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launched a revolution. He was recognized and apparently supported by Mexico. Confronted by this situation, the United States now virtually made Don Adolfo Díaz president of Nicaragua — the most pro-Yankee personage in the country. American support of Don Adolfo was especially remarkable inasmuch as, being an uncle of one of the leaders of the Chamorro *coup d'état*, he was debarred from recognition by the very treaty which the United States had applied against Chamorro. Despite this support of Díaz the revolution continued, and José Moncada, Sacasa's leading general, undoubtedly would have captured Managua, the capital, had it not been for the firm intervention of Henry L. Stimson, the special representative of President Coolidge, and about 5,000 marines and blue-jackets. After informing Moncada that the United States if necessary would forcibly disarm the rebels and that Adolfo Díaz must serve out his term as president, Mr. Stimson signed with General Moncada the famous Tipitapa agreement of May 1927. As compensation for suppressing the revolt in favor of the Conservatives, the United States undertook in this agreement to supervise the next presidential election, organize a non-partisan constabulary which should be the only armed force in the country, and undertake general responsibility for restoring order.

Having scattered troops all over the country, the United States seemed destined to remain in Nicaragua indefinitely. In addition to supervising the 1928 election, which resulted in a victory for the Liberal candidate, General Moncada, the United States agreed to supervise the 1930 congressional elections as well as the presidential elections of 1932. For a time there was a prospect that the United States might adopt supervision as a permanent policy, and that if the marines were withdrawn it would be only on condition that a large legation guard be left indefinitely at Managua.

It is to the credit of Mr. Stimson that as Secretary of State he combated these tendencies and ended an intervention for which he had been personally responsible in 1927. On February 13, 1931, the State Department announced that the marines would be withdrawn from Nicaragua following the 1932 election — the final election to be supervised. In April 1931 Mr. Stimson resisted an opportunity for indefinitely extending the intervention when Sandino's "bandits" killed nine Americans near the east coast. At that time the Department laid down a doctrine, long

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followed in China, but new for Central America, that it could not undertake general protection of Americans in the interior of Nicaragua, but only in the coast towns.

The presidential election, held under American supervision in November 1932, was of significance because it resulted in the victory of Juan B. Sacasa as president and Rodolfo Espinosa as vice-president — Liberals who had been the victims of the American intervention in 1927. Accepting the view widely held in Latin America that the United States would never permit the election of any president whom it could not control, the Conservatives once more nominated Adolfo Díaz as their candidate. The United States, however, did not lift a finger to help Díaz, and he went down to defeat. Although the Liberal government is friendly to the United States, it is following a "nationalistic" policy; and its victory over Díaz should dispel the popular belief that the United States will control the government of Nicaragua even though the marines are withdrawn.

In strict conformity with previous announcements, every American marine left Nicaragua on January 2, 1933. According to a State Department communiqué, "no American armed forces will remain in that country, either as instructors in the constabulary, as a legation guard, or in any capacity whatsoever." The withdrawal "marks the termination of the special relationship which has existed between the United States and Nicaragua." Provided the next administration refrains from again occupying Nicaragua in case disorder occurs, this evacuation registers a revolutionary change in the Caribbean policy of the United States.

Although the United States had carried out its avowed purpose of supervising elections and of organizing a constabulary by the time of its withdrawal in January, it had failed to restore peace in the north. Since the Tipitapa agreement, American soldiers (whether directly, or indirectly as officers of the *Guardia*) had been engaged in an utterly unsuccessful campaign to capture General Augusto Sandino, one of Moncada's generals, who refused to accept the American intervention and established his headquarters in the Segovias. In the Sandino campaign 201 marine casualties occurred, and the lives of several thousand Nicaraguans were lost, while the northern departments remained in a state of turmoil. Just as General Pershing failed to capture Villa in Mexico, so the American marines failed to get Sandino. One month following the American evacuation, that is on Febru-

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ary 2, 1933, Sandino flew to Managua, and after fraternally embracing President Sacasa signed an agreement establishing peace.[2] The Sacasa government has promised to provide lands for those of Sandino's followers who wish to become farmers, and also to carry out a program of public works in the northern area. This agreement with Sandino is of much importance to the future stability of Central America and has greatly enhanced the prestige of the Sacasa-Espinosa administration. For the last four years President Hoover and Secretary Stimson have denounced Sandino as an unprincipled "bandit." The voluntary establishment of peace so quickly after the evacuation of the American marines who had been in occupation ostensibly to restore order is another demonstration of the futility of the intervention policy.

In Salvador, the richest of the five republics, a delicate situation has arisen, again due in part to the recognition policy of the United States. In December 1931 a group of young military officers executed a *coup d'état* which forced President Araujo, a well-meaning but vacillating executive, to resign. The Salvador Congress quickly authorized Vice-President Martínez to take office. Almost immediately the new administration was confronted with a genuine communist uprising; attacks were made in the Sonsonate and Ahuachapa districts and a number of *finca* owners were killed. The Salvador army remained loyal to Martínez, and, aided by property owners, engaged in a campaign of reprisals which resulted in the slaughter of between 3,000 and 7,000 *mozos*, suspected of being communists. A second act of the Martínez government, taken on February 27, 1932, was to default upon its American loan of $21,000,000 made in 1922. This loan contract had always been unpopular because it had provided that the American bankers could maintain a fiscal representative in Salvador to receive the customs pledged to the loan and in case of default establish, in coöperation with the State Department, a customs receivership. Salvador's default now confronted Washington with the question whether it should extend its financial control over one of the proudest countries in Latin America, at a time when defaults were becoming widespread even in Europe. Realizing that any attempt to establish a receivership in Salvador would cause a storm of protest which would mortally injure President Hoover's Latin American policy, the State Department wisely declined to make any such move. In justification of this

[2] For the complete text see *La Prensa* (Managua), February 4, 1933.

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attitude, it gravely stated that it had not "recognized" the Martínez government. This seems to be the only case on record where our recognition policy has actually benefited the non-recognized régime! Subsequently Salvador made a satisfactory adjustment with the American bondholders.

While the refusal to establish a receivership averted an intervention, difficulties arose over the question of recognition. The Department declined to recognize Martínez on the ground that in addition to being vice-president he had been minister of war and hence was ineligible under the 1923 treaty. It had expected that its attitude would cause Martínez to resign, as General Orellana had done under similar circumstances a few months previously in Guatemala. But Salvador is a nationalistic country, and Martínez clung to his office. The position of the United States, which was formulated in coöperation with Guatemala and Honduras, was particularly resented on the ground that the Salvador Congress had ratified the Central American treaty on May 26, 1925, subject to an express reservation that Salvador would not accept the clause preventing the recognition of revolutionary governments, because the right of revolution was guaranteed in the Salvador constitution. In what was legally a correct answer, the Department declared that this reservation merely controlled the recognition policy of Salvador toward the other Central American countries; it did not prevent the other countries, and the United States, from applying the principles of the 1923 treaty against Salvador.

Politically, however, a delicate situation had arisen. Declaring that the 1923 treaty had merely led to interventions, the Jiménez government of Costa Rica on December 23, 1932, denounced its terms, to take effect in January 1934. Five days later, the Martínez government in Salvador likewise denounced the agreement. The Ubico government in Guatemala, which owes its existence partly to the fact that the United States did not recognize its predecessor, strongly opposes the abrogation of the 1923 treaty, and it particularly resents the methods followed by Costa Rica. According to Dr. Skinner Klée, the Guatemalan Foreign Minister, the Costa Rica government had invited Guatemala to attend a Central American conference in April 1933 to consider what action should be taken on this treaty, but proceeded to denounce it without awaiting the outcome of this conference.[3]

[3] *Nuestro Diario*, Guatemala City, January 17, 1933.

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Guatemala also raises the question whether the denunciation of the 1923 treaty by the Martínez government has any validity, since that government has not been "recognized."

From the legal standpoint, the 1923 treaty may continue in existence after 1934 provided it is not denounced by three of the five parties in so far as those parties are concerned. Nevertheless, one may be really apprehensive of the future unless the issues raised by the 1923 treaty are soon peacefully solved. The fundamental question is whether there is room in Latin America for two conflicting recognition policies. Can the United States, which during the last three years has recognized revolutionary governments in South America, Panama and the Dominican Republic, follow the opposite policy in the case of the five Central American republics? Can Costa Rica and Salvador, the two most advanced countries of Central America, supported by Mexico (in accordance with the Estrada doctine), follow what amounts to a *de facto* recognition policy, while Guatemala, Honduras and Nicaragua, supported by the United States, follow a legitimist recognition policy? An example of the confusion if not ill-will which may arise out of this situation is seen in the fact that although the United States and the other Central American republics have refrained from recognizing the new Salvador government, recognition has been extended to this government by eight Latin American countries and fifteen European countries. If Central America is to be saved from future unrest and turmoil a collective recognition policy must be agreed upon.

The question before the United States is whether or not it is to continue to oppose revolution in Central America, and to employ for this purpose the instrument of non-recognition. In the present state of international law the United States may withhold recognition from any other government purely as a matter of policy. Nevertheless, when the instrument of non-recognition is applied to countries as weak as the Central American republics it may easily become a means of intervention. Undoubtedly it was the attempt to apply these non-recognition principles which was responsible, more than any other single factor, for the intervention of the United States in Nicaragua in 1926, an intervention terminated only last January. As applied in the past, the Central America treaty of 1923 has been a kind of Platt Amendment, serving as a pretext for the interference of the United States in any disturbance in Central America. In applying the principles

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of this treaty to Salvador in 1931, the United States acted much more circumspectly than in the case of Nicaragua a few years previously. Instead of aggressively attempting to enforce a unilateral interpretation of the treaty, it acted in coöperation with the Honduras and Guatemala governments, both of which feared that the recognition of Martínez would encourage revolt. The State Department did not attempt to oust Martínez from office as it did Chamorro; nor did it land marines in Salvador. But had a strong counter-revolutionary movement arisen against Martínez, a condition of disorder might easily have arisen involving the prestige of the United States and provoking intervention. The history of Central America clearly indicates that the threat of non-recognition does not prevent revolts. Every one of these republics has suffered from disorder since 1923; what are probably the most serious revolts in the history of Honduras and Nicaragua have taken place during this period. Non-recognition does, on the other hand, weaken the *de facto* government and encourage counter-revolution. Non-recognition thus may prolong disorder in the country to which the policy applied. If this disorder is to be ended, the imposition of more positive sanctions, *i.e.*, military intervention, may become necessary.

The doubts which once existed as to the validity of intervention under international law are being rapidly removed by recent events. Should revolution occur in Honduras and Nicaragua next year, it might be permissible for the State Department to land marines for the purpose of directly protecting American lives. But under the principles of law and procedure applied by the United States and the League of Nations to Japan during its recent intervention in Manchuria, the United States could not go further and directly interfere in the internal administration. Unilateral intervention in the internal affairs of another independent state is a clear violation of international law. This type of intervention — going beyond what is directly necessary to protect foreign interests — can be undertaken only under the authority of an inter-American or international community. No hypothetical fear that if the United States refrained from interfering in a revolution in Central America a European power would do so, can justify the anti-revolutionary policy. From the strategic standpoint, the American navy, enjoying complete supremacy in the Caribbean, can easily dislodge any foreign intervention after it takes place. From the political standpoint, the United

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States must be willing to entrust the independence of Central America in the first instance to the League Covenant, the anti-war pact, and the inter-American arbitration and conciliation agreements of January 1929. The United States cannot possibly justify asking Japan to internationalize its policy in Manchuria unless the United States is willing to internationalize its policy in the Caribbean.

Even though in unilaterally withholding recognition from a revolutionary government in Central America the United States technically refrains from intervention, it will find difficulty in justifying the legitimist recognition policy in the five Central American republics with the *de facto* policy followed elsewhere. If this inconsistency is not removed, the world will assume that the United States desires to maintain an exclusive sphere of influence in Central America, an aim which would be inconsistent with its general international professions and its refusal to acquiesce in the establishment of a Japanese sphere on the mainland of Asia. Certainly the United States is justified in its desire to promote stability in Central America; but the only sound and legal means of achieving this end lies in supporting the development of Central American institutions.

In view of the two denunciations of the 1923 treaty, a Central American Conference will soon have to be convened. It would be unfortunate, however, if the conference were to denounce the 1923 treaty outright. Many of its provisions, notably those terminating government help to revolutionaries in neighboring countries, have promoted peace. The grave danger of terminating the treaty is that it may mean the revival of Central American wars and the collapse of the ideal of union, which has existed on the isthmus since colonial times. The object of the Conference should be the development of the 1923 treaties so as to establish common institutions, with union as the ultimate goal.

A Central American confederation, arising out of such a conference, would be entirely justified in adopting measures against revolution in any one of its component parts and, in default of more effective measures, in employing the instrument of collective non-recognition as a means toward this end. But this instrument should be made more flexible than at present and should be applied by a permanent Central American court or council. Instead of applying an independent recognition policy, claiming a "moral mandate" to enforce order in Central America,

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the United States should support the decisions of the appropriate Central American institution regarding recognition.

Although the decision whether steps toward union shall or shall not be taken will be made by Central American leaders, in the last analysis the whole development will be decisively affected by the overshadowing influence of the United States. Instead of deprecating the idea, the diplomatic representatives of the United States in this area should lend their encouragement to any discussion of closer coöperation. But something more than moral support is necessary. An essential contribution of the United States toward the work of forming a Central American confederation lies in the revision of the Bryan-Chamorro treaty. In 1916–17 the Central American Court of Justice formally declared that this treaty (in which Nicaragua ceded to the United States the right to construct the Nicaraguan Canal and to build certain naval bases) infringed upon the rights of Costa Rica and Salvador. Neither the United States nor Nicaragua paid any attention to this judgment, and the court went out of existence. The Bryan-Chamorro treaty constitutes a standing obstacle to the rapprochement of the United States with Central America. So long as Nicaragua clings to this treaty, Central American confederation is impossible. In a rather timid effort to remove criticisms, the United States carried on certain negotiations with Costa Rica in 1923. The Costa Rican Congress declined to accept the proposed protocol, and no further steps toward removing the defects of this treaty have been made. A magnificent impetus to Central American union would be given if the United States and Nicaragua offered to revise the Bryan-Chamorro treaty, striking out all provisions concerning naval bases, and converting it into an agreement between the five Central American republics on the one hand and the United States on the other. The United States should also lend its influence toward any efforts which the Central American republics might jointly wish to take toward debt consolidation and toward securing new funds to construct desirable public works.

Ubiquitous "realists" will scoff at anyone who today seriously proposes the formation of a Central American Union. It cannot be denied that serious difficulties lie in the way of realizing such a goal. Nevertheless, the alternative principles of non-recognition and no-revolution, which have constituted the basis of the Central American policy of the United States in the past, besides

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being of dubious legal validity, have a sterile, negative character which have often accentuated destructive dictatorship on the one hand and chronic disorder on the other. To strive toward the goal of Central American union, however, means the gradual creation of a body of Central American public law, the development of indigenous institutions, the spontaneous promotion of political stability as a result of internal growth, and the promise of a richer life because of the unfolding of common cultural, economic and political interests. When the 1923 Central American treaties expire in 1934, the only wise course for the five republics to follow is not to denounce these agreements entirely, but to remould them in the light of the unionist ideal. And to the achievement of that aim the United States should extend every legitimate aid.

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PRINCE ITO'S CONFIDENTIAL PAPERS

By K. K. Kawakami

ITO HIROBUMI HIROKU. Compiled by Atsushi Hiratsuka. Tokyo: Shinjiusha, 1931, 523 p.

SINCE the World War many diplomatic papers long concealed in the inner sanctums of chancelleries have been coming to light. Soviet Russia was among the first to publish such documents, though unfortunately some of them seem to have been "doctored" beforehand. In Germany and England the greater part of the documents bearing upon the events which led up to the World War have been made available to the public. And that delightful habit of writing memoirs which is indulged in by American and European diplomats has added to our knowledge gleaned from the official documents released from the archives of the past.

Japan has in general remained impervious to this world tendency towards publicity. The Japanese Foreign Office has published few of the important documents which were wisely considered confidential thirty or forty years ago, even though they might now be disclosed without embarrassment to any government or statesman. I only express what is common knowledge among us when I say that facts generally known and even published in newspapers are very often contained in Foreign Office documents stamped "strictly confidential." This characteristic secretiveness of the *Gaimusho* (as we call our Foreign Office) is both an advantage and a disadvantage, both laudable and deplorable. Confide to it any diplomatic secret, and the confidence will never be betrayed. As a result, I think I am right in saying that the *Gaimusho* has long enjoyed the trust of the foreign governments with which it has had diplomatic dealings. And yet this admirable characteristic has often been a cause of unnecessary and easily avoidable misunderstandings and suspicions on the part of foreign critics of Japanese diplomacy. A concrete example will serve to illustrate this point.

In December 1905 there was signed at Peiping a Sino-Japanese treaty by which the Chinese Government confirmed and consented to the provisions of the Portsmouth Treaty of Peace between Russia and Japan. Annexed to it were minutes wherein were recorded a number of important agreements, including that

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on parallel lines in Manchuria. The Japanese delegates as well as the Chinese (Prince Ching, Chu Hung-chi and Yuan Shih-kai) affixed their signatures to these agreements. Japan had of course wished to include them in the treaty itself; but the Chinese, for understandable reasons of domestic politics, insisted upon leaving them as part of the minutes, thus keeping them secret. Although the Chinese view prevailed, the Japanese Government, remembering the support which it had enjoyed from Great Britain and the United States in the war against Russia, considered it necessary to inform those two Powers regarding the substance of the unpublished agreements. It did so by sending London and Washington an English translation of them, and they have since been commonly referred to as the "secret protocol" of 1905.

As time passed, the provision of the protocol whereby China obligated herself not to build parallel lines to the South Manchuria Railway had to be invoked repeatedly by Japan. But in as much as the protocol had never been made public, many foreign critics accused Japan of utilizing an instrument the very existence of which was doubtful. And since the fall of the Manchu Government which signed the protocol, many Chinese, both official and non-official, have asserted that it never existed. Yet the Japanese Foreign Office staunchly withheld publication of the document for no particular reason except that it had promised the Manchu Government, dead now for two decades, that it would be kept secret! This tragi-comedy came to an end when the League of Nations Commission was allowed to inspect the protocol during its visit to Tokyo last spring. The Commission, with the permission of the Japanese Foreign Office, photographed the document, which was found to be in good order, with signatures of both the Japanese and the Chinese delegates.

This episode shows how jealously the archives of the Foreign Office at Tokyo are guarded. Because of this general tradition of reticence and secrecy the recent volume containing the confidential papers of Prince Ito is very welcome. It throws important light, not only upon the great career of Prince Ito himself, but upon Japan's diplomacy and foreign policy from the beginning of the new régime down to the end of the first decade of the present century. The papers, most of them written by Ito's own hand, were long the hidden treasures of the young Prince Hirokumi Ito, heir to the deceased statesman. According to the compiler of the papers, Mr. Hiratsuka, the conservative elders close to the

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House of Ito were much opposed to their publication; but the progressive young Prince overruled all opposition.

It was Ito's wont to jot down thoughts and ideas on important national affairs as they flashed through his mind at any moment. He would write at the breakfast table, in bed, or even while talking with the callers who crowded his mansion day and night. Naturally, most of the writings are short and sketchy, little more than memoranda for his own use, but on the other hand they have a directness and spontaneity often lacking in documents intended for publication. Besides memoranda of this sort, the book includes Ito's memorials to the Throne, his speeches on various occasions, and other important documents. Each of the documents is accompanied with an historical note by some man who worked under Ito in connection with the question discussed. Among the distinguished men who have supplied these notes are Viscount Kentaro Kaneko, the late Viscount Yeiichi Shibusawa, Baron Yoshiro Sakatani, Mr. Yukio Ozaki, and Baron Kenjiro Den. An important part of the book is an appendix of 58 pages presenting cablegrams which passed in 1901 between Ito and Count (later Marquis) Katsura, then Premier of Japan, when Ito was visiting St. Petersburg, and incidentally London, Paris and Berlin, with a view to finding the best way to check Russian encroachment upon Manchuria and Korea, together with official dispatches between the Tokyo Foreign Office and the Japanese legations at London and Paris on the same occasion.

Ito was born in 1841, twelve years before Commodore Perry's advent in Yedo Bay. When barely twenty years of age he smuggled himself out of his country, then under a most rigid policy of inclusion and exclusion, and went to Europe, working his way on board a British merchantman. After Japan realized the mistake of her past policy of isolation and embarked upon a national reform such as had been adopted by no other country, Ito's advancement was nothing short of spectacular. In 1871 he accompanied the great Iwakura mission which visited America and Europe with a view to sounding out the Powers as to the practicability of revising the "unequal" treaties repugnant to Japan's national dignity. After filling various ministerial posts, he in 1882 again went abroad, this time to study the constitutions of European countries and to observe them in operation. The result was the Japanese constitution promulgated in 1889. Between 1885 and 1900 Ito served four times as Prime Minister. As Resident General at

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Seoul from 1905 to June 1909, he moulded Japan's policy in Korea. In October of the last-named year he went to Manchuria on a tour of observation, and was assassinated by a Korean at the railway station at Harbin.

Ito was not a diplomat in the narrow sense of the word. His greatest task was in the field of internal reform. He will be remembered first and foremost as the "Father of the Japanese Constitution." But no statesman who plays so great a part as Ito did in directing the destiny of his country can fail to exercise a profound influence upon its foreign affairs. His greatest concern was to establish satisfactory relations between Japan and her neighbors, and above all to work out a compromise which would avert war with the Tsarist Empire. Because of this desire he was denounced as weak-kneed and spineless, not only by militarists but by younger elements in the Foreign Office. Those who could see no solution of the Russian problem except in war, thought, according to Viscount Kaneko, that Ito should be gotten out of the way, even by assassination if there was no other way to remove him.

By the nineties of the last century it had become plain that Russia's ambition was to dominate, even absorb, both Manchuria and Korea. In 1895 when Russia, aided by Germany and France, moved to deprive Japan of the Liaotung peninsula, the southern tip of Manchuria, which has just been ceded to her by China, Ito wrote:

> The Liaotung peninsula merely furnished Russia with a plausible excuse for intervention. Her real objective is Korea. Russia knows that our occupation of Liaotung would prove an obstacle to her ambition in Korea. If Russia succeeds in driving us out of Liaotung, her next move would be to undermine our position in Korea. As for France and Germany, they have no direct interest in Korea or in Manchuria, but have allied themselves with Russia purely for reasons of European diplomacy.

Ito's observations in regard to France and Germany were borne out by dispatches from the Japanese legations at Rome and London to the Foreign Office. The Rome dispatch reproduced in this book quotes the Italian Foreign Minister as saying to the Japanese minister that the Kaiser's motive for egging on the Tsar to intervene in Manchuria was to ingratiate Germany with Russia in the hope of weakening the Franco-Russian alliance, and that "Italy had declined the Kaiser's invitation to join in the intervention, because she did not want Germany to become too powerful in European politics." Further, the Italian Foreign

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Minister suggested that Japan approach his Government as well as the British and American Governments for help with a view to mitigating the rigor of the Russo-German-French intervention. A month before the intervention became a reality, the Japanese minister at Washington had advised Tokyo that the Secretary of State (William R. Day) showed him the substance of a cablegram received by the State Department from the American Legation at St. Petersburg, stating that Russia was intent upon exploiting the Sino-Japanese situation to enhance her influence in China, that she was desirous of occupying Manchuria and a part of north China, and that the 33,000 Russian soldiers had already been concentrated in the north of China, that is, in Manchuria. That the State Department passed along such valuable information to the Japanese Legation is evidence that American sympathy was with Japan. But neither the United States nor England was willing to extend to Japan such positive assistance as was suggested by the Italian Foreign Minister. Under the circumstances, Japan was forced to retrocede Liaotung to China with what grace she could.

After this, Russian ambitions in the Far East became more and more obvious. Still Ito did not give up the hope of arriving at an understanding with St. Petersburg. Briefly, his idea was to allow Russia a free hand in Manchuria, Japan to have a similar privilege in Korea. By some such arrangement Ito hoped to preserve peace, though the Tsar had already intimated that he would consider himself free to act as he pleased in Korea as well as in Manchuria.

In September 1901 Ito embarked upon a momentous pilgrimage to Russia, a great adventure, upon which he staked his reputation and prestige. His objective was an *entente* with Russia. While in St. Petersburg he conferred with Lamsdorff and Witte and exchanged felicitations with Tsar Nicholas II. As a result he arrived at the conclusion that a Russo-Japanese understanding was attainable, and he sent many cablegrams to Tokyo urging that Japan work in that direction. In his dispatch to Premier Katsura, dated Berlin, December 6, 1901, he said:

> As a result of my audience with the Tsar and my conferences with Lamsdorff and Witte I feel that they are sincerely desirous of arriving at an understanding with Japan. I have persuaded Witte and Lamsdorff to agree to these points: 1, that both Russia and Japan shall guarantee the independence of Korea; 2, that they shall not use any part of Korean territory for strategic purposes; 3, that they shall not build such fortifications on the Korean coast as will menace the freedom of passage through the Strait of Korea; and 4, that Russia shall

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recognize Japan's freedom of action regarding industrial, commercial, and political matters in Korea, as well as her right to take such military measures as may be necessary to cope with civil war or similar internal disorder in Korea.

Of course, I talked with them as a private citizen and without any governmental authority. Should we enter into formal diplomatic negotiations with Russia, she would doubtless demand concessions from us. From what Witte and Lamsdorff plainly intimated to me, I gathered that Russia would demand a free hand in Manchuria. As a matter of fact, Russia has already been acting as she pleases in Manchuria. If our Government really wants to negotiate with Russia, I am still in a position to ascertain what she wants from us, as I am keeping up correspondence with Witte and Lamsdorff. I believe that the present is the most opportune moment to enter into an *entente* with the only foreign Power which has material interests in Korea. Such an *entente* will be impossible after the conclusion of an Anglo-Japanese alliance.

But the Cabinet at Tokyo, with the late Marquis Katsura as Prime Minister and the late Marquis Komura as Foreign Minister, took the view that Russia's absorption of Manchuria was but a step towards her domination of Korea. By the time Ito's dispatch reached Tokyo the draft convention for alliance had already been agreed upon between the British and Japanese Governments. When the draft was transmitted to him from the Japanese legation at London, Ito again cabled from Berlin urging that the Anglo-Japanese convention include a proviso reserving for Japan the freedom to enter into an *entente* with Russia regarding the question of Korea. The suggestion was not accepted. Premier Katsura, in a lengthy dispatch, told Ito that Japan had already definitely committed herself to the policy of the Open Door in Manchuria so that she was no longer at liberty to recognize Russia's free hand in that region, for to do so would surely result in the closing of the doors there.

Meanwhile, Downing Street had been very uneasy about Ito's visit to Russia. The suspicion had been the greater as Ito went direct to Paris from America, and thence to St. Petersburg, without stopping at London. Lord Lansdowne, the British Foreign Minister, had told Baron Hayashi, the Japanese minister in London, that his Government would view with apprehension any agreement which Japan might be contemplating with Russia. Without doubt Ito's trip to St. Petersburg had the effect of stirring Downing Street to action and speeding up the conclusion of the alliance with Japan. By the time Ito arrived in London after his tour of the continent the Anglo-Japanese alliance had almost become an accomplished fact.

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Meantime some fifteen cablegrams, all very lengthy, had passed between Ito and Premier Katsura, and almost as many between Ito and Baron Hayashi. These and the dispatches and letters exchanged between Ito and Lamsdorff, as well as the record of Ito's conversations with French, German, Russian and British statesmen and with the Tsar and the Kaiser, all published for the first time in this book, make exceedingly interesting reading. The dispatches show that the Japanese Cabinet, army and navy, and all the elder statesmen except Count Inouye, were solidly in favor of the British alliance in preference to an understanding with Russia. Even Emperor Meiji, whose trust in Ito had been all but absolute, sided with the Cabinet in this case.

Still Ito hoped that the Cabinet would not sign the treaty of alliance with England until he returned to Tokyo and had an opportunity to discuss the question personally with his colleagues. But when he arrived in Tokyo, in March 1902, the Anglo-Japanese treaty of alliance had been signed for about a month. It is interesting to note Lord Lansdowne's statement, made in the course of his conversations with Ito, that Great Britain would under no circumstances fight Russia in Manchuria. This no doubt added to Ito's conviction that in the event of war with Russia over Korea or Manchuria Japan could expect no outside assistance, not even from her probable ally, and that in such circumstances peace with Russia was an essential aim of Japanese policy. Whether Russia would have been content (as Ito hoped) with domination over Manchuria in accordance with an *entente* with Japan, or whether such domination would inevitably have been only a step to her annexation of Korea and even North China, as his colleagues believed, is an interesting question for speculation.

Even after the conclusion of the Anglo-Japanese alliance Ito did not give up the cherished hope of entering into an *entente* with Russia. He believed that such an *entente* would not conflict with the purpose of that alliance, as we see in this statement of his dated March 15, 1903:

> Regarding Manchuria, neither England nor Germany intends to take any effective measure to check the Russian advance. The question is whether Japan alone should face Russia. If Russia refuses to negotiate with us or to consider our terms, we must be prepared to appeal to arms. This is a grave matter. Under the circumstances we have no alternative but to act in conformity to the British and German attitude.

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Regarding Korea, if Russia does not mean to precipitate a quarrel with us on this issue, it is well to maintain the *status quo*, and negotiate for an understanding with her at an opportune moment with a view to upholding Korean independence and thus forestalling collision between Japan and Russia.

Should the Powers fail to maintain harmony and thus render China's dismemberment inevitable, Japan must secure a foothold in Fukien and Chekiang provinces.

This, Ito noted, was the consensus of opinion at an informal conference of the elder statesmen. It shows that the elder statesmen led by Ito were inclined to bow to the inevitable, giving up Manchuria to Russia, but obtaining a foothold in south China in the event that the Powers decided to partition China.

Yet all the efforts made by Ito to avoid war with Russia were in vain, for Russia had no intention of respecting Japan's desire in regard either to Korea or Manchuria. When the subsequent war ended in a Japanese victory, Ito was asked to become the first Japanese Resident at Seoul, charged with controlling Korea's foreign affairs. Ito agreed to accept on one condition, that he, a civilian, be given the power of commander-in-chief of the Japanese army stationed in the new protectorate. The army, of course, was incensed at this unprecedented presumption, and its representatives waited upon Ito and did all in their power to dissuade him from insisting upon a proposal which they believed would undermine Japan's national defense. But Ito was adamant. He refused to become Resident unless his demand were acceded to. He had observed with apprehension that the army, flushed with its brilliant victory over Russia, was inclined to be too chauvinistic, paying little attention to public opinion abroad or to the susceptibilities of the Koreans, and he believed that unless he were clothed with authority to control the Japanese troops in Korea his policy of conciliation could not be carried out. It was indeed miraculous that the army gave in. That Ito could have his own way even in such grave matters was due partly to his own greatness and partly to the unreserved confidence reposed in him by the Emperor Meiji.

Immediately upon Ito's arrival in Seoul as Resident he issued instructions to the army in which he said:

In these post-bellum days the acts of our soldiers stationed in Korea are being watched with sharp eyes by all foreign governments, and by the foreign consuls and foreigners resident here. Foreign newspaper correspondents are travelling through the country, ferreting out any fault committed by our

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army. When their accusations appear in their newspapers, foreign governments often instruct their consuls here to investigate and ascertain the facts in the case. Such accusations, if proved well founded, may affect the reputation and honor of the army. I earnestly hope that our soldiers will always act courteously, protect foreigners, especially foreign women, and adhere invariably to a humane course.

This document shows how sensitive Ito was to foreign criticism. On many other occasions he urged upon the nation the wisdom of respecting public opinion abroad. In a memorial (undated) to the Throne he said that "our Imperial House should not only treat foreign diplomatic representatives here with the utmost cordiality, but should extend the same cordiality to all foreign visitors of distinction and influence." From such statements we understand why Ito was generally trusted by foreign governments and foreigners. Japan owes much to him, and to those who heeded his admonitions, for the good reputation she long enjoyed abroad.

While Resident in Korea, Ito was gravely concerned with the acts and policies of the Japanese military authorities in Manchuria. So serious did the situation appear to him that in May 1906 he called a memorable meeting at Tokyo, requesting the presence of all Cabinet ministers, elder statesmen, Privy Councillors, and the Chiefs of the General Staff and of the Navy Board. At this historic gathering Ito delivered a great speech emphasizing how imperative it was for Japan to observe the Open Door policy in Manchuria faithfully. He regretted that the army and the Foreign Office had been working at cross-purposes in Manchuria, and that foreign governments had been questioning the sincerity of Japanese professions of support for the policy of the Open Door and equal opportunity. He laid before the conference the substance of a confidential letter addressed to him by the British minister at Tokyo, intimating that British and American business interests had been complaining of the discriminatory policy which they thought the Japanese military administration in Manchuria was practising against foreign goods and in favor of Japanese trade. He could not close his eyes to the trouble which was obviously ahead were Japan to follow such a policy. As the first step in the right direction he urged the abolition of military administration and the substitution of consular jurisdiction under the control of the Foreign Office at Tokyo. Manchuria, he said, was Chinese territory under Chinese sovereignty which should be respected in accordance with Japan's repeated advocacy of

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China's territorial and administrative integrity. And of course this contention was right in those days, when China was ruled by the Manchu Dynasty, which had originated in Manchuria. One wonders what Ito would have had to say had he lived to witness the singular spectacle of the last of the Manchu Emporers (whom the Chinese, in defiance of the abdication treaty he had signed with them, expropriated and expelled) retiring into Manchuria, his ancestral abode, and there setting up, with Japanese aid, an independent government.

Throughout Ito's long and vigorous address the dominant note was his solicitude for foreign friendship and foreign respect for Japan. And indeed foreign (especially American and British) criticisms of Japan's acts in Manchuria in those days were both severe and numerous. Foreign business interests never stopped to think that all that Japan salvaged out of the Russian war, which had cost her a billion gold dollars and a hundred thousand lives, was a small leased territory and a battered-down narrow-gauge railway equipped with her own, not Russian, rolling stock, and that Japan felt it both imperative and justifiable to recoup herself to some extent by promoting her own trade. Naturally foreign merchants who flocked to Manchuria to pick up the loose ends of their businesses complained bitterly when the narrow-gauge military railway, overtaxed by the transportation of the evacuating army and military stores, was unable to accommodate all traders clamoring for car space and gave preference to Japanese. After all, both the Japanese and the foreigners were human. Then there was the question of customs duties at Dairen. While Japanese goods shipped to that port direct from Japan were allowed to enter free of duty, foreign (including Japanese) goods trans-shipped there from Shanghai or Cheefoo were taxed in compliance with the coastwise trade regulations of the Chinese Government. Technically there was nothing wrong or discriminatory about this practice. American or British merchandise, if shipped direct to Dairen from America or England, was exempt from duty just as Japanese goods were. But it so happened that most of the American and British goods destined for Dairen were trans-shipped from other Chinese ports, and were therefore dutiable. Happily this customs question was solved in 1907, when a Chinese customs office was opened at Dairen under an agreement signed in May of that year between Japan and Sir Robert Hart, Inspector-General of Customs of China.

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All these factors conspired to rouse keen resentment among foreign firms interested in Manchurian trade. Indeed, in the few years following the Russian war the American cotton goods trade was mostly superceded by Japanese cottons. Thanks largely to Ito's indefatigable fight for the Open Door, and also owing to the improvement of the railway, this unhappy situation gradually changed for the better, with a corresponding change in foreign sentiment. In the particular case of the United States, the disappointment caused by her loss in the cotton trade was more than assuaged by the phenomenal increase of her exports to Manchuria in other lines, especially steel, locomotives, and machinery.

It was Ito's sincere desire to conciliate China by respecting her territorial and administrative integrity. Similarly in Korea his professed idea was to preserve the independence of that country by putting her house in order. In March 1904, when he was in Korea as Japan's special envoy, he memorialized the Korean Emperor urging upon him a policy of internal reform. "The maintenance of the peace of the Far East," he said, "depends upon Japan, China, and Korea working together to advance their own respective civilizations and thus securing their independence by elevating themselves to the plane of equality with the nations of Europe and America. This, of course, does not mean that the three nations of the Far East should combine to assume a hostile attitude toward Europe and America and their civilization upon racial and religious grounds. On the contrary, a nation must unhesitatingly give up such of its own traditions and customs as may be inimical to its own progress. That is the course which Japan has followed in the last thirty years. Should China and Korea pursue a similar course, the three Far Eastern nations could work together and help each other for their common security, without at the same time antagonizing Europe and America, but rather coöperating with them. No nation, whether Occidental or Oriental, can long follow a policy of anti-foreignism without bringing down upon itself disaster and ultimately destruction." Evidently it was Ito's cherished hope to see Korea and China, both of them regenerated, taking their places in the family of civilized and progressive nations and coöperating with Japan for the common weal of the Orient in the face of an Occident animated with aggressive imperialism. Had he lived until today he would have been a disillusioned man. Even before his tragic death, his hopes, so far as Korea was concerned, had been blighted.

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THE PROGRESS OF SOCIALIZATION IN ENGLAND

By William A. Robson

AT THE present time England quite clearly stands midway between capitalism and socialism. Every section of the community looks to the government for assistance of one kind or another. Manufacturers want tariffs, trade unions seek further protective legislation for labor, distributors demand regulated marketing schemes, farmers ask for agricultural subsidies. Quotas, fixed or minimum prices, state guarantees of credit or interest, monopolies and other restrictions are the order of the day. Thus the classic capitalism of the nineteenth century has been superseded. Its sanctions are no longer in operation, its assumptions are no longer valid, its moral authority has disappeared. Industry is hedged around with impediments to free activity, and the nation has entered upon a phase of irresponsibility in economic life in which neither government nor the individual is completely master of the situation. At the same time, no large section of the public at present really believes in a wholesale and immediate transformation of the productive system of the country to a collectivist basis, whether open or disguised.

It is easy to say, of course, that in such circumstances the nation suffers from the disadvantages of both capitalism and socialism without enjoying the advantages of either. That does not get one very far. What is of far greater interest and importance is to observe certain new forms of socialization which have gradually been evolving during the past decade and which present a radical departure from both the political and economic traditions that have previously obtained in England. Incidentally, it is worth noticing that the word "socialization" is of comparatively recent currency. Up till a few years ago people used to discuss — whether favorably or unfavorably — the nationalization of the means of production, or the nationalization of the railways and so forth. But now they speak of socialization, using a new word to express a new idea.

The productive enterprises operated directly by the central government are comparatively few in England. They comprise little beyond the Post Office, the Mint, the Stationery Office, the dockyards and other manufacturing establishments carried

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on by the war departments, the administration of crown lands, and the public houses (*i.e.* saloons) in the Carlisle District which are under state management. The Post Office is by far the largest and most important of these enterprises, including as it does not merely the carriage of mails but also the telephone and telegraph services, the Post Office Savings Bank and many other functions.

The Post Office is the typical example of a nationalized service in the old-fashioned sense of the term. The head of it is responsible to Parliament; he is a member of the House of Commons and a political minister of the government, though usually not in the cabinet. The Postmaster-General must be prepared to answer in Parliament for every official act committed by each one of the 230,000 postal servants. Every detail of the day-to-day administration is liable to be discussed and must be justified and defended. There is direct Treasury control over the revenue and expenditure of the Post Office; outlay must be sanctioned in detail, loans must be raised by and through the Treasury, and the profits of the department, which are considerable, go direct to the revenue side of the national budget. The Chancellor of the Exchequer controls the price policy of the Post Office on all major questions.

As an administrative organization the Post Office is regarded with disfavor both by individualists and by socialists. The attitude of industrialists is well illustrated by the memorial recently addressed to the Prime Minister on the subject, signed by 320 Members of Parliament — more than half the whole House — of whom 295 belong to the Conservative Party. The Post Office, declares this memorial, is a great commercial business unlike any other government undertaking; and the constitution of an ordinary government department is unsuited for the efficient conduct of a great economic service. The supreme head is frequently changed on irrelevant political grounds, there having been no less than four successive Postmaster-Generals in 1931. The present system of Treasury control hampers administration and prevents the department from building up reserves for its own development.

The criticism advanced by socialists and members of the Labor Party proceeds on three main lines of thought. In the first place, it is said, there is a complete absence of worker's control of any kind. The Post Office gives no more consideration to the employee's special interests than any private business. Hence, Trade

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Union leaders look upon it with an unfriendly eye. In the second place, there is a lack of control by the consumer, and the intervention of the Treasury on extraneous grounds leads to the sacrifice of the consumer's best interests. Thirdly, it is said there is an inevitable lack of efficiency in the present system. All up-to-date socialists and labor leaders in England now emphasize the need for optimum efficiency; and in effect they endorse the charges made under this head by the M.P.'s in their petition. Major Attlee, the Postmaster-General in the last Labor Government, says that in his opinion the department should be administered by a non-Parliamentary chief, or by a board appointed for a fixed term of years by the Minister of Transport, who should be responsible for controlling the broad policy of the Post Office. The present system of direct Parliamentary responsibility leads in his experience to timidity and centralization; it has militated against the adoption of a public relations technique in the service.

The British Post Office, be it said, is among the most efficient of the world's post offices. Indeed, some independent authorities regard its mail-carrying services as superior to those provided in any other country. Yet it is quite certain that so far as England is concerned the type of organization which the Post Office embodies is dead and obsolete.[1] This is due less to the emergence of political or economic theories concerning the management of state-owned institutions than to the almost unconscious growth of new social tissue. The theories have followed the facts.

The change of opinion has been extraordinarily rapid. In 1918 the Haldane Committee on the Machinery of Government, widely regarded as a progressive body, reported definitely against what they called "the system of administrative boards" which they held to be "obviously unsatisfactory." The Committee recommended that there should be no omission of the ordinary responsibility to Parliament of all state undertakings.

The very next year this advice was disregarded by the Forestry Act 1919, which established the Forestry Commission, consisting of eight Commissioners (three of them paid) appointed by the Crown for a fixed term of five years. The Commission is an

[1] A Committee of Inquiry on the Post Office was set up as a result of the memorial mentioned above. Its Report (Cmd. 4149/1932 H.M. Stationery Office) is an inconclusive document. Broadly speaking, it recommends that the present political responsibility of Postmaster-General shall remain unchanged but that the Post Office finances shall be separated from the national Exchequer and be made "self-contained."

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independent body with a separate staff. It is charged with the important duties of promoting the interests of forestry, the development of afforestation and the supply of timber. It may assist education in forestry work, acquire land for afforestation or the management of woods, embark upon the sale or purchase of standing timber, and establish or operate woodland industries. It has a separate Forestry Fund out of which it may advance money by grant or loan.

In 1926 the Electricity Supply Act, introduced by Mr. Baldwin's Conservative administration, set up an almost similar institution in the shape of the Central Electricity Board to undertake the vital task of creating and operating the national "grid" scheme of electricity supply as the sole generating source of electrical power throughout the country. This step accomplished what is undoubtedly the most important piece of industrial reconstruction achieved during the post-war period. The Central Electricity Board is an executive body, as contrasted with the Electricity Commission, which is a planning and coördinating organ. It consists of eight members appointed by the Minister of Transport for a fixed term of years. The appointments are non-political, and the members have been chosen on account of their administrative ability, business experience, engineering qualifications, or knowledge of finance, electrical enterprise or labor questions.

Perhaps the most significant illustration of the new tendency is to be found in the field of radio transmission. Here we can trace the steps by which a new type of socialized institution came into being.

The original Broadcasting Company operated in England under a short-term license from the Postmaster-General. Statutory restrictions had been introduced as soon as the invention of wireless became a commercial proposition, and a centralized monopoly was established through the Post Office conferring a license upon one transmitting agency only. The company which enjoyed this privilege was a business enterprise most of whose capital was guaranteed by six large industrial concerns interested in the manufacture of wireless apparatus. Each of these guarantors nominated a director, and collectively they also appointed the chairman. The remaining shareholders were wireless manufacturers who together could nominate two additional directors.

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The revenue of the company consisted of half the proceeds of an annual license fee of 10 shillings collected by the Postmaster-General from every listener. The profits of the company were limited to a dividend of 7½ percent, and various conditions were imposed reserving special powers to the government in time of emergency, restricting the transmission of news in the interests of newspapers, and calling for the erection of certain transmitting stations. Apart from this the company was accorded almost complete commercial freedom. There was only a very slight amount of public control to secure the protection of the consumer; all listeners were virtually in the hands of the company, which was itself in the hands of the wireless industry. The Postmaster could not intervene unless a breach of the license conditions had been committed; and these went no further than to require the company to provide a service to his "reasonable satisfaction." The difficulty of proving that a program of entertainment and instruction in a new medium is not "reasonably satisfactory" may be imagined.

The undertaking was beset by all manner of difficulties almost from the start. The public was suspicious and apprehensive of the vested interests involved, and many unfavorable allegations were made against the company. So restive did public opinion become that in 1925 an official Committee was appointed to consider in what manner the service should be carried on after the expiration of the company's license in 1926. There was, according to Sir John Reith, the chief executive of both the original company and its successor, no ground for public alarm or apprehension. "The stewardship," he declares, "had been interpreted as carrying the responsibility of contributing constantly and cumulatively to the intellectual and moral well-being of the community. A fresh tradition of public service had been founded. A new national asset had been created." Even if we assume that this was the spirit which animated the undertaking, it was difficult to reconcile it with the obligations to shareholders inherent in the privately-owned type of joint-stock corporation. There was everything to be said for establishing an organization whose constitution would be in line with the disinterested and altruistic attitude which Sir John Reith attributes to the management. This the Committee contemplated in their report, which recommended that the broadcasting service should be transferred to a public undertaking. At the same time they emphasized the desir-

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ability of leaving the service free from the irksome Parliamentary control traditionally associated with the administration of government enterprises. "We assume," they said, "that the Postmaster-General would be the Parliamentary spokesman on broad questions of policy, though we think it essential that the Corporation should not be subject to the continuing Ministerial guidance and direction which apply to Government Offices. The progress of science and the harmonies of art will be hampered by too rigid rules and too constant a supervision by the State."

The purpose and scope of the new British Broadcasting Corporation, which arose phœnix-like out of the ashes of the old company, are set forth in unequivocable terms in the preamble to the Charter under which it operates and from which it derives its existence. The Charter is declared to be granted in order that the broadcasting service should be conducted by a public corporation acting as trustees for the national interest. In view of the widespread interest taken in the radio, and the great value of the service for the purposes of education and entertainment, it is deemed desirable that the service "should be developed and exploited to the best advantage in the national interest." The Corporation is accordingly directed to apply the whole of its surplus revenue, if any, and its other income, in promoting this object.

The B.B.C. is managed by a director-general acting under a board of five governors who are appointed for a term of five years by the Postmaster-General. The governors are paid; but they are neither full-time administrators nor experts in any artistic or technical field. They are reputable persons of some public standing or business position. The Postmaster-General has stated in Parliament that he is himself responsible for questions of general policy but not for matters of detail or particular points of the service. The detachment of the service from the government is well illustrated by a recent incident. In a wireless talk on New Year's Eve, a speaker who was making a conspectus of European countries made some remarks about Poland which offended the susceptibilities of certain persons. The Polish Minister in London thereupon made a formal diplomatic protest to the Foreign Secretary. A short time afterwards it was announced by the B.B.C. that Sir John Reith had called upon the Polish Minister on his own initiative and had arranged a friendly settlement of the matter. Thus the whole matter was taken out of the hands of the Foreign Office.

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Although the actual controls are slight the potential controls are considerable and fundamental. The compulsory annual license fees are collected from listeners by the Post Office, which deducts 12½ percent for expenses, and are then handed over to the Treasury, which deducts a further percentage for the purpose of taxation, and the balance is then doled out to the B.B.C. by monthly instalments. The Postmaster-General could, if he chose, decline to enforce the licensing regulations; and could, by abolishing or reducing the license fee, destroy the financial basis of the Corporation. The Corporation is required to give to the Postmaster each year a general report and a statement of its accounts duly audited. The present term of the charter is fixed for a period of ten years only; and it can be revoked even before then if the Postmaster-General certifies that its provisions are not being carried out. The B.B.C. is required to transmit anything required by a government department; or, conversely, it must refrain from broadcasting any matter on request of a department.

The B.B.C. is clearly a novelty in the British constitutional system. The main principles on which it is founded are: 1. centralized monopoly; 2. independence of the day-to-day management from Parliamentary control or ministerial interference; 3. self-contained finance; 4. an area of operation and a constitution designed on grounds of technical efficiency; 5. a personnel not subject to Civil Service rules in regard to pay, recruitment, promotion, etc.; 6. an explicit insistence on the disinterested service of the public as the sole aim of the undertaking.

There is no doubt that the B.B.C. has achieved a high level of success in the standard of its work. By general agreement it stands out preëminent among European transmitting agencies on an all-round estimate. For this quite practical reason the institution has made a considerable impression on the British public as a form of organization. At the present moment an even more ambitious project on the same lines is before Parliament and is almost certain to pass into operation.

The London Passenger Transport Bill aims at establishing a completely unified and integrated system of passenger transport for the metropolitan area. A London Passenger Transport Board is to be set up consisting of a chairman and four other members "who have had wide experience and have shown capacity in transport, industrial, commercial or financial matters or in the conduct of public affairs." Members of Parliament are ineligible.

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The persons comprising the Board are to be appointed for a fixed term of years, varying from three to seven, at the end of which they may be reappointed. They are removable by the Minister of Transport for inability or misbehavior. They are to be paid salaries and may not hold an interest in the Board's stock or in any other transport undertaking in the area.

The Board is to have transferred to it the huge mass of transport undertaking at present operating in the London area, namely, the vast Underground system (*i.e.* subway), the Metropolitan Electric Tramways (*i.e.* the privately-owned streetcars), fourteen municipal tramway systems, the London General Omnibus Company with its thousands of magnificent motor-buses, sixty smaller private motor-bus services, and the Metropolitan Railway. The Board will have a monopoly within the London traffic area for all vehicles except those used for long distance journeys such as the main-line railways and char-à-bancs. Its general duty is declared by the Bill to be that of exercising its powers in such a manner as "to secure the provision of an adequate and properly coördinated system of passenger transport for the London Passenger Transport Area." The powers conferred include the maintenance, management, operation, extension and improvement of the undertakings.

The amount of the compensation to be given to the present owners is to be fixed either by agreement or by an *ad hoc* tribunal to be appointed by the Lord Chancellor, and the basis in the latter case is to be the "value" of the undertaking transferred without any allowance for compulsory expropriation. The compensation will take the form of stock in the new enterprise. A transport fund will be established and the Board can issue its own transport stock of various classes — subject to a maximum limit — to bear interest, with one exception, at fixed rates of interest. In the case of the exception, the rate may fluctuate from year to year between 4½ and 5 percent as the Board may determine. A reserve fund is to be formed and the proceeds applied for "the benefit of passenger transport in the London Traffic Area including the development, extension and improvement of the undertaking and the reduction of fares." Fares and charges must be fixed so as to enable the Board to discharge all its financial liabilities under the bill.

The passenger transport of the capital city has for many years been in a condition of competitive chaos tempered by occasional

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mergers and running agreements. Efforts to secure a substantial amount of coördination have been made from time to time without success. Then in 1929 Mr. Herbert Morrison, the energetic and able Minister of Transport in the last Labor Government, produced the present Bill after prolonged negotiations with the principal interests concerned. Unfortunately, in an unguarded moment he claimed it to be "the greatest socialist measure of our time." The immediate effect of this indiscretion was to arouse a surging wave of doctrinal enthusiasm among his followers and a vast mass of prejudiced hostility among his opponents.

The delay in the passage of the bill involved by the crisis of 1931, the fall of the Labor Government, the general election, and formation of the successive "national" administrations has allowed the adherents of the various political parties to reflect upon the measure at length. And with further reflection there have arisen unforeseen perplexities. What is this scheme at bottom? Is it socialism? Or is it a more strongly fortified and permanently entrenched capitalism? Horrid doubts have begun to cross the minds of all kinds of people. If only they could discover whether the scheme was socialistic or capitalistic they would forthwith know whether to support or to oppose it as the case may be. But it is so difficult to know! All the old simple and clear-cut lines between private ownership and public provision seem useless as a guide. It was whispered that Mr. Bevin, the powerful leader of the Transport Workers Union, came to the conclusion that whatever the nature of the bill, it certainly offered little attraction to the Transport Workers' organization, for they were to have no representation on the Board, no guarantees of good labor conditions of any kind, and a single monopoly to bargain with instead of many competing employers. Of course this was a sectional view.

In the midst of this confusion the present government, in undertaking to reintroduce the bill, sought to reassure its Conservative supporters by making a fundamental change in responsibility. In the original draft the Board was to be appointed by the Minister of Transport — that is, the government of the day. In place of this there has now been substituted in the Bill a fantastic arrangement whereby the Board is to be appointed by a body of "appointing trustees" consisting of the chairman of the London County Council, the chairman of the Committee of London Clearing Bankers, the president of the Law Society,

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and the president of the Institute of Chartered Accountants. These people obviously cannot have the faintest knowledge of London transport or the work and needs of the Board. This year's president of the Law Society is, for example, a solicitor living in Bristol. The whole ultimate control of the responsible Minister has been taken away. The Central Electricity Board, the B.B.C. and the Forestry Commission may be considered as socialized institutions working at one remove away from the impact of democratic government. The London Transport Bill in its present form will create an institution working at a hundred and fifty removes away from the impact of democratic government. Perhaps wiser counsels may prevail at the last moment.

Other examples could be given to illustrate the tendency to separate the regulation of publicly-controlled services from the general machinery of Parliamentary responsibility of the traditional kind. Thus the Race Course Betting Control Board which was set up by statute in 1928 to operate the totalizator is virtually an independent body. More significant was the establishment of the Area Traffic Commissioners, set up by the Road Traffic Act 1930. There has developed in England the most intense competition between road and rail transport, and this legislation was intended to modify the rivalry to some extent at least. The country was divided into large areas, and a series of new bodies called Area Traffic Commissioners set up in each of them. Each of these Commissions (consisting of a full-time paid chairman appointed for a fixed term by the Minister of Transport, and two other persons nominated by the city and rural local authorities within the area) controls the entire system of public service motor vehicles plying for hire in its area, by means of licenses. These licenses can be — and are — refused, or issued subject to stringent conditions relating to fares, routes, frequency of service, starting and stopping places and so forth. The Commissioners also have jurisdiction over the issue of personal licenses to the conductors and drivers of such vehicles. Their powers are extremely wide and their discretion well-nigh unlimited. In granting or withholding road service licenses for motor-buses and motor-coaches they are directed to have regard to a whole series of economic and social factors, such as the suitability of routes, the extent to which the needs of proposed routes are already adequately served, the extent to which the proposed service is necessary or desirable in the public interest, the needs of

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the area as a whole in relation to traffic, including the provision of adequate, suitable and efficient services and the coördination of all forms of passenger transport.

The Commissioners are removable for inability or misbehavior; and the statute expressly declares that they shall act under "the general directions of the Minister." But the Minister himself made it clear beyond doubt to the Standing Committee of the House of Commons which was considering the Bill that he had no intention of attempting to direct the Commissioners on every point of their duty or of accepting responsibility for them in any save in the broadest way.

If one were to attempt to interpret the phenomena here discussed, one might say that they betoken an attempt to achieve in varying degrees a threefold aim: first, to enlarge the unit of administration of socialized services to a national scale; second, to divorce the administration of economic functions from the ordinary political or "police power" activities of government; third, to separate the finances of these boards from the national budget — that is, to give them self-contained finance unconnected as far as possible with the expenditure and revenue of the central Treasury.

The significance of the movement will be realized when it is remembered how deeply committed the Labor Party is to the socialization of the foundation industries. The public ownership of the land, coal and power, communications and transport, the control of credit, and industrial life insurance are placed in the forefront of the Party's official program. To these have recently been added the reconstruction of the cotton industry, iron and steel, the transformation of agriculture — including the stabilization of prices by the collective purchase of grain and meat — and the transference of the Bank of England and the great joint stock banks to public control. In "Labour and the Nation" the party expressly disclaims any intention of submitting these or other industries to a régime of "bureaucratic torpor." It emerges clearly from public discussion among the more intelligent progressives that if and when opportunity permits, the intention is to socialize the basic industries along the lines of the Central Electricity Board, the B.B.C. and the other institutions of which mention has been made.

If the attempt succeeds, it will be found that the relatively simple distinctions between private and public enterprise which

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have hitherto prevailed will become increasingly blurred, particularly where expropriated owners are compensated with guaranteed bonds carrying fixed rates of interest in the socialized undertaking. As a matter of fact, the need for evolving some clear body of principle to distinguish genuine from spurious forms of socialization is likely to become increasingly evident during the next few years — that at least is the lesson of the Parliamentary debates on the London Passenger Transport Bill. If space permitted, I should endeavor to analyze the new conception of socialization into its essential constituent elements. In default of that, I would conclude by suggesting that the English experience of the past ten years, although not highly spectacular, offers valuable food for thought to everyone who believes that the future does not lie everywhere with either Karl Marx or Herbert Spencer.

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DEPRECIATED CURRENCIES AND WORLD TRADE

By William O. Scroggs

THE 1932 foreign trade figures of the leading commercial countries afford an opportunity for speculation with regard to the effects of currency instability upon imports and exports. The trade of three countries with stable currencies — France, Germany and the United States — may be compared with that of two countries with depreciated currencies — Great Britain and Canada. In theory, currency depreciation tends to stimulate exports and to check imports. Investigation shows that the exports of all the countries mentioned were less in 1932 than in 1931, but that the decline was substantially greater in the stable-money countries. The decrease in the value of exports in 1932 from the previous year was 35 percent in France, 40 percent in Germany and 33 percent in the United States. In Great Britain and Canada, on the other hand, the decreases were respectively 7 and 19 percent.

This would seem to indicate that the cheap money of Great Britain and Canada, while not causing an absolute increase in exports, may have been instrumental in producing a smaller decline than was experienced by stable-money countries. On the other hand, if the export trade of these five countries in 1932 is compared with that of the pre-depression year 1929, the relative changes shown by the two groups are not so striking. From 1929 to 1932 the value of exports decreased 60 percent in France, 58 percent in Germany and 65 percent in the United States, while for Great Britain and Canada the decreases were respectively 50 and 59 percent.

The decline in the case of Germany, France and Canada shows remarkable uniformity. As British trade was lagging behind that of these other countries in 1929, a relatively smaller decline might be expected. For a contrary reason, a greater decline might be expected in the United States, inasmuch as its export trade in the pre-depression years had been stimulated by heavy loans to foreign countries.

It is impossible to obtain conclusive evidence from trade statistics regarding the effects of the depreciation of foreign currencies on imports and exports. The United States Tariff Commission, in response to a Senate resolution of April 12, 1932, made a comprehensive study of this question. With respect to imports into the United States it found that "no definite difference can be traced between the commodities coming chiefly from depreciated-money countries and those coming from other countries." Concerning exports its verdict was that the data "likewise fail to show at all conclusively that the trend in exports has been more unfavorable in the case of depreciated-currency countries than of other countries."[1]

The Commission found that between October 1931 and February 1932 imports into the United States from the six leading European countries off the gold standard had declined 28 percent, as compared with the corresponding months of the preceding year. At the same time, imports from six important

[1] "Sixteenth Annual Report of the United States Tariff Commission," 1932, pp. 59–61.

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countries remaining on the gold standard had decreased only 23 percent. This seemed to indicate that the actual effects of the abandonment of the gold standard were the opposite of what was generally expected. The Commission was careful to point out, however, that the real effects of currency depreciation might be concealed through the operation of other more important influences, and that depreciation of currency was itself the outcome of more fundamental conditions and forces.

Meantime, the suspension of the gold standard by 35 nations had given rise to two different kinds of agitation in the United States for legislation to protect the country from the consequences of cheap foreign money. With the continuance of the industrial depression these movements have recently gained new adherents. One group insists that the United States should arm itself with the same weapons employed by its competitors, and cheapen its money either by an inflation of the currency or by reducing the gold content of the dollar. Another group insists that the tariff walls be strengthened so as to offset the advantages which the depreciation of foreign moneys will give our trade rivals in our own markets.

Agitation for cheap money is no new thing in American history; it has appeared in every period of severe economic depression since the beginning of the Republic. But this is perhaps the first time that cheap money has been urged as a means of meeting the trade competition of other parts of the world, as well as of relieving domestic economic conditions. The agitation for "compensating duties" to chink up the leaks which depreciated foreign currencies are believed to make in a gold-standard country's tariff dikes is a more recent phenomenon and may be regarded as a by-product of the World War.

The advantages enjoyed by European countries with debased currencies in the post-war years were one of the chief arguments advanced for the higher tariffs which were enacted by the United States in 1921 and 1922. With the widespread abandonment of the gold and gold-exchange standards, beginning in the autumn of 1931, a campaign was inaugurated for still higher compensating duties. Between December 19, 1932, and January 26, 1933, no fewer than six bills were introduced in the House of Representatives for the stated purpose of protecting American industry from what one of these measures described as "the effects of competition based on the depreciation of foreign currencies." Many similar measures had been brought forward at the previous session of Congress, and for more than a year the members were subjected to constant pressure from manufacturers, farm organizations, and trade unions for legislation of this character. All such proposals, however, were bottled up in the unfriendly Committee on Ways and Means to which they were referred.

The general purpose of these bills was to impose an extra duty equal to the difference in the value of the imported article in terms of the money of the exporting country at its gold parity and at its current rate of exchange. This duty, in most of the measures, was to apply also to goods on the free list, if they were of a kind produced in the United States.

The proponents of compensating duties maintained that the countries which had gone off the gold standard had increased their competitive capacity, first, by lightening the burden of debt and fixed charges on their industries, and

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second, by reducing labor costs, inasmuch as wages were not increased in proportion to the decline in the gold value of the currency. This situation, they claimed, forced American producers to lower their prices and reduce wages in order not to lose their home markets to foreigners. But they laid special stress on the "flood of imports" and the steady increase in unemployment due to this cheap-money competition. A caucus of the Republican members of the House of Representatives late in January 1933 decided to support one of the measures known as the Crowther bill, providing for compensating duties, and adopted a resolution stating that foreign currency depreciation had thrown a million Americans out of employment and was causing a direct and indirect wage loss of $10,000,000 per working day.[2]

Party lines were sharply drawn on this measure. An attempt was made on February 13 to discharge the Ways and Means Committee, then controlled by the Democrats, from further consideration of the Crowther bill and to bring the measure to the floor of the House for a vote. This was defeated by a vote of 212 to 174. Only three Democrats and fifteen Republicans refused to vote with their respective parties. Although made a party measure in the House, the Crowther bill did not have the support of the Administration. The blanket application of compensating duties found no favor with the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Tariff Commission. President Hoover on several occasions during and after the campaign of 1932 had called attention to the danger of increased competition from the goods of countries with depreciated currencies, but he had advocated a readjustment of duties by the Tariff Commission under the flexible-rate provisions of the existing law, and did not urge the enactment of the Crowther bill or any similar measure.

The flexible provisions of the present tariff act authorize the President to raise or lower any tariff rate by a maximum of 50 percent on the recommendation of the Tariff Commission. While Congress was considering the various measures prescribing compensating duties, President Hoover availed himself of his power under the flexible-rate provision of the law and ordered substantial increases in the duties on fabric-upper and rubber footwear, the imports of which had been rapidly expanding. These imports had come in part from Japan, which is a cheap-money country, and in part from Czechoslovakia, a country with stable money.

While 1932 did not see any flood of imports or any increase in total imports from countries with depreciated currency, there were large increases in the imports of certain commodities. From Japan, for example, there were increases in the imports of salted and pickled fish, incandescent lamps, and the cheaper grades of shoes. There were also increases in the imports of fish from Great Britain, Denmark and Norway. All these countries were off the gold standard. On the other hand, there were equally striking increases in certain imports from countries remaining on the gold standard. This was illustrated by the larger importation of Portland cement, iron and steel from Belgium, of leather from Germany, of cotton goods from France, and of clothing wool from South

[2] Total imports from all countries, including those on the gold standard, had an average value in 1932 of about $3,600,000 per day. How the portion from cheap-money countries could have caused a daily loss of $10,000,000 in wages was not explained.

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Africa.[3] The Tariff Commission's study of 277 articles whose imports might be affected by currency depreciation showed that the imports of only 83 of these were greater in 1932 than in 1931. Of these 83 commodities, 43 were from countries with a depreciated currency, and 40 were from countries on the gold standard.

In the light of these data it is impossible to draw any definite conclusions concerning the actual effect of depreciated foreign currencies on the import trade of the United States. The fact that imports of certain commodities have increased from both gold-standard and cheap-money countries would appear to indicate that production costs in these countries have been substantially lowered and that they enjoy an exporting advantage regardless of the condition of their currency.

There can be no question that currency depreciation may stimulate a country's exports if other conditions are favorable, but even then the stimulation will be only temporary unless the depreciation is progressive and continuous. If the currency is finally stabilized at a lower level, wages and prices will adjust themselves to the new situation and the country's exporting advantage will disappear. If, however, the currency continues to depreciate, the advantage which the country appears to enjoy can be maintained only by the depletion of its capital resources; for with steadily rising domestic prices it is actually selling its goods for less than the cost of their replacement. Germany learned this costly lesson in 1921–24, and this explains the present dread of inflation in that country and the extraordinary measures which have been taken to safeguard the stability of the reichsmark.

The difficulty of determining the effects of cheap money on international commerce accounts for the doubts of responsible officials as to the efficacy of compensating duties as a remedy for conditions about which American producers have been complaining. Meanwhile, the effect of such duties on international relations has not been overlooked. They would result in as many different tariff rates as there were countries with depreciated currencies. There would be one rate for Japan, another for Canada, and still another for France. Moreover, as was pointed out during the debates in Congress, the compensating duties would impose a new and heavy burden on Great Britain, after she had come forward and paid every dollar of the December 15 instalment of her war-time obligations, while France, who paid nothing on that instalment, would escape the new duties entirely.

[3] The Union of South Africa eventually suspended the gold standard, but it had not done so during the period under consideration.

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THE AMERICAN STAKE IN THE PHILIPPINES

By Harriet Moore

THE Philippine Independence Bill, passed by the Congress of the United States in January over the President's veto, provides for the relinquishment of American sovereignty over the Philippine Islands, subject to a plebiscite of the Philippine people. Within a year the Philippine Legislature is to call a convention to draft a constitution which, after being approved by the President of the United States, must be submitted directly to the Philippine people for acceptance. The government provided in this constitution, if accepted, would function under the control of the United States during a ten year transition period, before achieving full independent sovereignty. Under the terms of this bill, therefore, the Philippine Islands would within about twelve years become a foreign country *vis-à-vis* the United States, although certain military reserves might remain in the hands of the American army authorities. To understand the full implication of this we must know the exact nature of the investments and obligations of the United States Government in the Philippines, as well as American private economic interests in the Islands, the position of which would be affected by the change in sovereignty.

The United States made an initial investment of $20,100,000 in the Islands in its payment to Spain at the close of the Spanish-American War. Since that time the chief expenditures have been for military operations. The cost of pacification from 1898 to 1902 was in the neighborhood of $177,000,000 and from 1900 through 1931 the military and naval expenditures are estimated to have totalled $485,000,000. For the same period the civil expenditures have exceeded $8,000,000. Of this latter sum $3,000,000 was appropriated immediately after the war for general reconstruction, one-third for the Baguio road, the remainder for other public works; the other $5,000,000 was appropriated largely for geodetic surveys on a dollar-for-dollar basis with Philippine Government appropriations. In addition to the direct appropriations from the United States for the Philippine Government, there is a large annual payment to the Philippine Treasury in the shape of refunds of all taxes on Philippine goods collected in the United States. Refunds from customs duties, chiefly made before the establishment of free trade, have amounted to $3,709,957. Through 1931, internal revenue tax refunds have totalled $12,779,190.

The present annual expenditure of the United States Government in the Philippines amounts to about $670,000 in civil and $13,000,000 in military expenditures. The cost for the fiscal year 1931 was divided as follows:

Bureau of Insular Affairs	$77,461.04
Coast Geodetic Survey	169,360.00
Public Health Service	47,202.62
Philippine Resident Commissioners	32,232.00
Customs duties to P. I. Treasury	11,581.14
Internal revenue refunded	323,461.13
Department of Agriculture	4,244.00
Total Civil Expenditures	$665,541.93

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Army	$9,378,088.35
Navy	3,172,738.35
Total Military Expenditures	$12,550,826.70
Grand Total	$13,216,368.63

During the proposed transition period, before independence, these expenses would probably remain about the same. The resident Philippine Commissioner would no longer be paid by the United States, but the High Commissioner who is to take the place of the Governor-General, at present paid by the Philippine Government, would be paid by the United States. On the granting of independence, the civil expenditures would be eliminated, but it is doubtful if the American army budget would be greatly reduced. Only $4,826,407.33 of this item would be saved completely, this representing the amount paid to the Philippine Scouts, a native troop. The other forces now in the Philippines are probably part of the minimum national forces of the United States and would be transferred to some other station. Moreover, naval expenditure might increase, because the Philippine Government now pays the upkeep of important naval stations in the Islands, and this cost would be transferred to the United States. Thus reductions in the federal budget would probably be nearer $5,000,000 than $13,000,000.

The second factor to be considered in summing up American economic interests in the Philippines is the United States Government's ownership of public domain. At present it nominally owns 80 percent of all the land area of the Islands, amounting to 11,470,000 acres of arable land. This is the land which has not yet been taken up by homesteaders under a formal title. The United States would grant to the Commonwealth of the Philippine Islands all this property, with the exception of military and other reservations designated by the President within two years after the consummation of independence.

The third category of the American Government's interests in the Islands has to do with its responsibility for the obligations of the Philippine Government. These obligations are limited by act of Congress to $96,094,853, representing 10 percent of the total assessed valuation of the property in the Islands, plus $7,000,000 for the bonds of purchase of the Friar Lands and $10,000,000 in collateral bonds, making possible a maximum bonded indebtedness of $113,904,853. All Philippine Government securities, including those of municipalities and provinces, are subject to veto by the Governor-General and the President of the United States at the time they are issued. They are issued through the Secretary of War, are tax exempt in this country, and are acceptable at par by the United States Treasury as security for deposits of public moneys. While the United States does not formally guarantee these obligations, both the War Department and the Department of Justice have invariably held that the bonds constitute a moral obligation of the United States because of the Government's authorization of them. On June 30, 1932, there were outstanding $76,082,000 worth of bonds of the Insular, Provincial, and Municipal Governments, the last of which expires in 1961. In addition, the Philippine Government, with the approval of the United States Government, guaranteed the interest on $21,766,000 bonds of the Philippine Railway Co. and the Manila Railroad Co.; the United States is morally obligated with respect to these bonds, which mature in 1937.

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The Philippine Bill as passed by Congress specifically provides for taking care of this bonded debt during the transition period. No bonds can be floated by the Philippine Government in excess of the present limitations, and no debt can be contracted in foreign countries without the approval of the President of the United States. Export duties are to be collected on Philippine goods destined for free entry into the United States, to build up a sinking fund with which to pay off these obligations. In case of default, the High Commissioner is empowered to take over the administration of the customs in order to meet payment. Finally, the Act of Congress formally renounces all obligation, moral or otherwise, on the part of the United States regarding any further issues of the Philippine Government, provided they are not tax exempt in the United States. The Act provides that before independence is achieved the Philippine Government must make a treaty with the United States including a provision for the formal assumption by the new government of the outstanding debts of former governments, and "where bonds have been issued under the authority of an Act of Congress of the United States by the Philippine Government or any province or municipality therein, the Philippine Government will make adequate provision for the payment of the interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands."

The extent of American private investments in the Philippines cannot be ascertained exactly. An estimate of the Bureau of Insular Affairs, as of January 2, 1932, puts the total at $257,751,000 distributed as follows:

Bonds	$113,985,000
Real estate other than farm land	12,104,000
Agricultural land	10,616,000
Mines	2,609,000
Forests and lumbering	6,500,000
Manufacturing industries	35,474,000
Mercantile establishments	30,487,000
Bank capital	837,000
All other	45,179,000
Total	$257,791,000

The item covered by "bonds" is composed chiefly of the government obligations and the bonds of the Manila Railroad and the Philippine Railway, almost the complete issues of which were sold in the United States. The balance of this item, amounting to about $30,000,000, is in utilities such as the Manila Electric Co., the telephone system, bus lines, and radio. That the investment in farm land is not larger is due to the legal restrictions on the corporate ownership and control of land, which may not exceed 2,500 acres per corporation. Of the sum estimated as invested in manufacturing industries, nearly $28,000,000 is in sugar centrals and refineries, while $8,000,000 is in coconut oil refineries and related industries. The bank capital investment is small; in 1931 only one American bank had a branch in the Islands. In the miscellaneous item are included investments in hotels, newspapers, theatres, and philanthropic institutions. The investment in the latter is not large; in 1930 it was estimated that there was an investment of only $893,000 in religious organizations.

The Bureau of Insular Affairs estimates of American private investments in the Philippines placed them at $63,725,000 in 1914 and $144,500,000 in 1923.

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This shows an average annual increase in investments of $9,000,000 from 1914 to 1923 and of $14,000,000 from 1923 to 1931. This does not bear out the contention frequently made that uncertainty as to the future status of the Islands has recently been tending to discourage further investments there. The Independence Bill attempts to protect these investments to some extent. In the transition period, the religious, charitable and educational institutions are to be exempt from taxation. After independence, the treaty to be made with the United States will contain the provision that "all existing property rights of citizens or corporations of the United States shall be acknowledged, respected and safeguarded to the same extent as the property rights of the citizens of the Philippine Islands." The change in the status of the Islands might injure direct investments in such industries as sugar and coconut oil, which depend heavily on trade with the United States and the products of which would be subject to American tariff charges. Other direct investments would be affected in the same degree that the general prosperity of the Islands was affected by the separation from the United States.

Aside from its direct investments in the Philippines, the United States has general economic interests there of a commercial nature. There are ten American steamship lines operating between the United States and the Philippines. During the last six years these have carried on the average $119,870,333 of Philippine trade per year, which represents almost half of the total Philippine foreign trade. Similarly, American ships carried 46 percent of United States-Philippine trade in 1931. This figure contrasts with the 35 percent of total United States foreign trade carried in American bottoms. The lines serving the Philippines in 1932 received mail subsidies amounting to $37,097,000.

United States trade with the Philippines in the past ten years has averaged $173,532,000 per year, $72,924,100 in exports and $100,607,900 in imports, and has been growing rapidly since 1922. It constituted 1.5 percent of the total foreign trade of the United States in that year in contrast with 3 percent in 1931. These two items, shipping and commerce, would be affected in the transition period to the extent to which export duties to be imposed by the Philippine Government on goods destined for free entry to the United States, and the United States tariff charges on sugar, coconut oil and fiber products in excess of the quota limits, proved prohibitory. After independence, in the absence of a special agreement to the contrary, full tariff rates would be charged by both governments. These would inevitably affect the commercial interests of the two countries.

The American stake in the Philippines may be summarized, then, as follows: The Government has in the past spent there well over $500,000,000 and is at present spending annually $13,000,000; it is morally obligated in respect to bonds totalling $97,848,000, some of which run until 1961; it owns 11,470,000 acres of arable land in the Islands. Private individuals in the United States have an investment of $257,000,000 in the Islands, over half of it in direct investments. American shipping interests carry Philippine trade valued at $120,000,000 annually, and American industries engage in a commodity trade with the Islands which since 1921 has averaged $173,532,000 per year.

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THE PERSIAN-BRITISH OIL DISPUTE

By A. C. Millspaugh

ON MAY 28, 1901, William Knox D'Arcy obtained an exclusive petroleum concession for a period of sixty years covering all of Persia except the five northern provinces. On November 27, 1932, the Persian Government announced the cancellation of the concession, which since 1909 has been owned by the Anglo-Persian Oil Company, a British corporation in which the British Government is a majority stockholder. Great Britain promptly denied Persia's right to cancel the contract. After rejecting a British proposal to refer the dispute to the Hague Court, Persia agreed to its submission to the Council of the League of Nations. During the February meeting of the Council, Great Britain and Persia agreed that the League proceedings should be suspended until the Council meeting in May, and that meanwhile direct negotiations would be carried on by the Anglo-Persian Oil Company and the Persian Government regarding a new concession.

The commercial production of petroleum in Persia, all of which is monopolized by the Anglo-Persian Oil Company, amounted in 1932 to about 6,000,000 tons. In the preceding year Persia ranked fifth among the producing countries of the world, being exceeded only by the United States, Russia, Venezuela and Rumania. The Anglo-Persian Oil Company — an organization which has great financial strength and which possesses extraordinarily rich petroleum deposits, a worldwide marketing system, and strong alliances — ranks at present among the leading petroleum companies of the world. It has developed in Persia a modern industry, the only one of any importance that the country has had.

In its communication of November 27 to the company, the Persian Government declared that it "cannot legally and logically consider itself bound to the provisions of a concession which was granted prior to the establishment of a constitutional régime, in view of the manner in which such concession was obtained and granted at that time." About two weeks later, more specific reasons were advanced, including charges that the concession had been obtained under pressure, that the amount of royalty had been unfairly calculated, and that the oilfields have not been fully exploited.

That the D'Arcy concession was in form legally granted does not appear to be questioned. The Grand Vizier in 1901 showed no lack of bargaining ability; and the royalty agreed upon — 16 percent of the net profits — compares favorably with that stipulated in similar concessions granted elsewhere during the same period. The written constitution of Persia was not established until 1906–08. Successive governments, including those of the present Shah, have recognized the validity of the contract; and until the past year there appears to have been no official denial of its validity.

Cancellation is provided for only in case, during the first two years, no exploitation company was established; but the obligation of the concessionaire in this connection was admittedly fulfilled. It is further prescribed that any question or difference with respect to the interpretation of the concession or the rights or responsibilities of one or other of the parties must be submitted to

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arbitration. Nowhere does unilateral cancellation seem to be contemplated. Substantial amounts were risked by foreign investors in what was at first a highly speculative enterprise, presumably on the understanding that a bona fide contract existed. Persia, like other poor and weak nations, could attract capital for economic development only by offering assurance of security.

But there exist certain objections to the concession of an equitable nature. Royalties paid by the company have amounted to a substantial sum, but they can hardly be considered at present a fair return to Persia; and they have proved an unstable budgetary resource, decreasing from £1,288,000 in 1930 to £307,000 in 1931. It would seem that, if Persia's equitable case seems convincing in other respects, the company might well agree to pay her in the future a percentage of the gross receipts, a somewhat larger percentage of the net profits, or a fixed per ton royalty.

As a matter of fact, questions of this nature have arisen from time to time in the past and have been discussed between the Persian Government and the company. An agreement of December 22, 1920, settled the questions then outstanding. Discussions began in 1928 looking to a revision of the concession; a preliminary royalty agreement was approved by the Persian Council of Ministers in February 1932; and a final draft of this agreement was initialled in London by representatives of the two parties but has not been ratified by the Persian Government.

As the present dispute deals with oil in substantial quantity it must be given consideration in the light of general world welfare. It became evident at the close of the Great War that the commercial and strategic significance of this commodity had injected into international affairs a fertile subject for controversy and competition. The wise utilization and scientific conservation of petroleum resources presented national and international problems both complex and acute. As a result, a network of agreements governing the marketing of petroleum products has been worked out by the major oil companies.

The fact that she possesses important petroleum resources involves Persia, whether she wills it or not, in an international problem, and she cannot escape the resulting responsibility. The concession in dispute has become a feature of an international system which, despite its shortcomings, has introduced a semblance of order and justifies a measure of hope. "It is natural for the government and people of any country in which large deposits of oil have been found to regard their possession jealously and to think of it in merely national terms. But in a country of small consumptive power the mere possession of natural oil is an asset only in so far as a whole complex of external conditions — financial, technical, distributive — makes it so."[1] At this juncture, an act which might throw the Persian oilfields open to international competition could hardly be viewed as less than disquieting. On the other hand, Persia has neither the capital, the technical resources, the distributing and marketing connections, the economic statesmanship, nor, let us hope, the courage, to conduct her petroleum industry as a nationalistic undertaking.

The recent history of Persia is a story of internal decay. Up to the period of the Great War, the country was a typically exploitable one, and was exploited. The central government was shot through with incompetence and corruption

[1] J. W. Williamson: "In a Persian Oil Field," 1930, p. 120.

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and exercised only nominal authority over outlying tribes. Tsarist Russia and Imperial Britain were the upper and nether millstones which were grinding from an ancient land the last vestiges of real political and economic independence; and the 1907 division of the country into spheres of influence by the two Powers simply gave recognition to what appeared inevitable. But the situation twelve years later was different. Persia came out of the Great War demoralized, disrupted and devastated, but with a fresh opportunity.

Soviet Russia announced the abrogation of the concessions which had been obtained from Persia by the Tsarist régime. The renunciation involved little of real substance; but in appearance it was a benevolent gesture confirming the general conviction prevalent in Persia that all pre-war concessions were iniquitous in origin, unfair to Persia, and in derogation of her sovereignty. Since then, Soviet policy south of the Caspian has been one of persistent and on the whole successful commercial penetration. All in all, at the present time the proximity of Soviet Russia constitutes the most serious, perhaps the only, external threat to Persia's independent existence.

The British Government did not feel itself in any position to proclaim a wholesale renunciation of privileges which were far more valuable than the Russian and which were the private property of British and other nationals. But an effort, apparently a sincere one, was made to assist in the reconstruction of the country by means of a treaty providing for a British loan and for British military, financial and engineering advisers. The rejection of this treaty in 1919 by the Persian parliament was symptomatic of the revival of Persian nationalism and of the decline of British prestige. Since then, by negotiation and mutual agreement nearly every important economic privilege held by the British in the country, except the petroleum concession, has been either terminated or drastically curtailed.

The British and the Russians nevertheless remain the real rivals in this region. Persians are individualistic and are not likely to be quickly influenced by Soviet example or propaganda, so that the absorption of their country into the Soviet system is not probable. But it is not impossible, and such an event would clearly be of sinister import to Britain. Persia in the past has shown consummate skill in the playing off of friends and enemies against each other. Her safety as a nation still lies in a common-sense realization of her weakness. She needs, perhaps as she has never needed before, a powerful friend with a substantial economic interest in the maintenance of her independence.

The rejection of the Anglo-Persian agreement of 1919 was a phase of the movement which established the dictatorship of the present Shah. Since his coronation in 1926, Persia has had only the appearance of constitutional parliamentary government. The government has again become a personal autocracy resting on efficient but momentary military power. Members of the parliament, nominally elected, are in fact appointed by the Shah and possess practically no freedom of discussion or of action. The ministers enjoy little independence; and on questions which interest the sovereign they are careful to advise him in accordance with his known inclinations. The press is muzzled. Probably 95 percent of the people are impoverished, illiterate, ignorant and inarticulate. It is evident, therefore, that the will of the remarkable man who

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rules Persia is not to be too closely identified with that of his subjects, nor his policies with their aspirations.

Praise must be accorded certain of the Shah's accomplishments, for example the establishment and maintenance of law and order, the disarming of the tribesmen, the building of highways, the recovery of tariff autonomy, the abrogation of the capitulations, and the support accorded for some time to the American financial mission. But the basic needs of the country are for agricultural development, education in the broadest sense, the development of wholesome living conditions, the conservation of what is best in Persian culture, and the patient building up of social and political habits which make for stability. Tested by these needs, the Shah's policies seem largely misdirected, and when he passes from the scene, internal disorder and further decay seem more than likely to follow.

It appears that the revenues of the Persian Government have been increased since the departure of the American financial mission in 1927 by approximately 25 percent, in the face of a considerable decline of national wealth and national income. While per capita taxation in Persia is comparatively low, it imposes an excessive burden on the impoverished masses. Nevertheless, military and police expenditures, which are the special concern of the Shah, have more than doubled during the last five years. Indeed, of the total increase in the ordinary budget, almost 75 percent has gone to the army and police; and their current maintenance now absorbs about 44 percent of the total revenues. Compared with this figure, education receives about 6½ percent and public health 1½ percent. During the last five years, the army has grown from 40,000 to about 80,000, and a further increase to 100,000 is contemplated; conscription has been introduced; an air force has been created; and even a miniature navy now floats in the Persian Gulf. The government is executing, out of current revenue, an extravagant railroad project which promises no substantial economic, financial or social benefits. It is of course the privilege of the Persian Government to spend its money as it pleases; and mistakes that it may make in no way prejudice its legal rights. But it is difficult to wax enthusiastic over a proposal to reduce the earnings of British investors merely in order that the Shah may build up a top-heavy structure of military autocracy.

Nor are the indirect contributions made by the Anglo-Persian Oil Company to the welfare of the Persian people negligible. To their purchasing power the company adds over £2,000,000 annually in wages and local expenditures. In technological research, in the reduction of nomadism, by providing hospital facilities, housing, and vocational education, the company has probably done more quantitatively and done better qualitatively within the limited area of its operations than the Persian Government has in the country in general. In the building of roads, in providing public sanitation, and in the conduct of elementary and secondary schools, the company has set influential examples and standards. Except during the chaotic years during and immediately following the Great War, the company's operations have been conducted, so far as available information goes, without military support by the British Government and, until the Persian act of cancellation, without diplomatic intervention.

It is conceivable that the Shah may have had no portentous purposes in view when he ordered the cancellation of the concession. His immediate aim

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may merely have been to improve his bargaining position. It is possible that he did not contemplate the diplomatic intervention of the British Government or the submission of the dispute to the League Council. There is some evidence that he regrets his action. In any event, no overt act against the company's properties has been reported; operations are said to be proceeding normally; and Great Britain has apparently made no show or threat of force. How far-reaching the Shah's plans are no one probably knows except himself. Though impulsive, he has in the past demonstrated ability to mask his designs and to bide his time. On the other hand, it will be difficult for him to retrace his steps. His own prestige must now be considered. The chief usefulness of the League in the present controversy may be found to lie, not so much in deciding legal and technical questions, as in maintaining a mutually satisfactory basis for direct negotiations between the two parties.

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SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

NOTE—FOREIGN AFFAIRS will supply its readers, *post free*, with any book published in the United States, at the publisher's regular list price. Send orders, accompanied by check or money order, to Book Service, FOREIGN AFFAIRS, 45 East 65 Street, New York City.

General: Political and Legal

FOREIGN AFFAIRS BIBLIOGRAPHY. A SELECTED AND ANNOTATED LIST OF BOOKS ON INTERNATIONAL RELATIONS, 1919–1932. BY WILLIAM L. LANGER AND HAMILTON FISH ARMSTRONG. Published for the Council on Foreign Relations. New York: Harper, 1933, 551 p. $5.00.

A carefully selected bibliography of some 7,000 books published in the post-war period, and covering the whole field of international relations — current history, politics, economics, finance, international law and diplomacy, as well as related subjects such as race conflicts, population and immigration problems, colonial problems, propaganda, modern warfare and disarmament. A section of 75 pages is devoted to the World War, covering the diplomatic background as well as the conduct of the war on land, sea and in the air, economic aspects, and the peace negotiations. Economic subjects are given special attention, and a section 25 pages in length describes books dealing with the theory, origins and work of the League of Nations. The later chapters of the book take up the world, region by region and country by country. The section on Russia is particularly complete. In all, the entries are classified under about 300 headings. Each entry carries a sentence or two of description, designed to indicate the nature of the book and if possible the qualifications of the author. The work should be of value in libraries, universities, newspaper offices, banks, and indeed wherever there is study, research or writing on international affairs.

POLITICAL HANDBOOK OF THE WORLD, 1933. EDITED BY WALTER H. MALLORY. Published for the Council on Foreign Relations. New York: Harper, 1933, 208 p. $2.50.

The results of the frequent general elections and cabinet shifts which occurred throughout the world in 1932 are recorded in the new edition of this valuable handbook, which is revised as of January 1, 1933. As usual, it also contains full information regarding programs of parties and the political affiliations of newspapers.

SURVEY OF INTERNATIONAL AFFAIRS, 1931. BY ARNOLD J. TOYNBEE. New York: Oxford University Press, 1932, 554 p. $6.00.

With this latest volume of the well-known survey published for the Royal Institute of International Affairs, Professor Toynbee brings his account down almost to current problems. Of the general interest and excellence of the series nothing further need be said. The present volume is devoted chiefly to a narrative of the great economic crisis of 1931, which the author terms the *Annus Terribilis*. The general account is followed by an analysis by H. V. Hodson of the financial outcome of the post-war years. The remaining sections are taken up with a discussion, from the British viewpoint, of the progress of the disarmament and security negotiations, the Austro-German customs union project, Balkan affairs, and the Far Eastern problem.

DOCUMENTS ON INTERNATIONAL AFFAIRS, 1931. BY JOHN W. WHEELER-BENNETT. New York: Oxford University Press, 1932, 241 p. $4.00.

A companion volume to the preceding, giving the most important documents and declarations of policy, covering especially disarmament, arbitration, reparations and

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war debts. There has also been published a "Consolidated Index, 1920–1930" (New York: Oxford University Press, 1932, 214 p., $3.50), covering the material contained in the "Survey" series, the "Documents" series, and supplementary volumes.

PROBLÈMES MODERNES D'ENSEIGNEMENT EN VUE DE LA CONCILIATION ENTRE LES PEUPLES ET DE LA PAIX MORALE. By Raphael Altamira. Paris: Presses Universitaires, 1932, 282 p. Fr. 40.

The famous Spanish historian and republican discusses the urgent need for education for peace in the schools.

THE BALANCE OF THE CONTINENTS. By Mariano H. Cornéjo. New York: Oxford University Press, 1932, 220 p. $2.25.

A Peruvian statesman and former member of the League Council reviews the evolution of the war idea and optimistically forecasts its disappearance as the economic influences of the new world supersede the militarism of old Europe.

WAR AND WESTERN CIVILISATION, 1832–1932. By Major-General J. F. C. Fuller. London: Duckworth, 1932, 287 p. 10/.

A somewhat incoherent but very forceful critique of the General Staff mentality in the wars of the last century, and of the democratic urge towards war.

DROIT INTERNATIONAL ET DROIT CONSTITUTIONNEL. By B. Mirkine-Guetzevitch. Paris: Sirey, 1932, 160 p.

Lectures at the "Académie de Droit International" by a French authority who stresses the fact that international and constitutional law are not contradictory but complementary and will coincide more and more as democracy advances.

LA GUERRE AUX TRAITÉS. By Edgar Roels. Paris: Alcan, 1932, 308 p. Fr. 15.

An outline of international relations from Locarno to the present, exposing the nefarious aims of a Bismarckian German policy and the need for an Anglo-French agreement supported by America.

THE PROTECTION OF NATIONALS. By Frederick Sherwood Dunn. Baltimore: Johns Hopkins Press, 1932, 233 p. $2.25.

An important scholarly treatment of the history and practice of protection, with a study of workable rules.

THE LEAGUE OF NATIONS YEARBOOK, 1932. By Judith Jackson and Stephen King-Hall. New York: Macmillan, 1932, 604 p. $3.50.

The first annual issue of a handbook in English comparable to Ottlik's French publication. The authors survey the organization and working of the League, the Labor Office and the Court, but most of the volume is taken up with a detailed and documented review of the League's activities during the past year. The book contains an extended annotated bibliography and should prove of great value to all students.

THE LEAGUE ON TRIAL. By Max Beer. Boston: Houghton, Mifflin, 1933, 415 p. $4.00.

The German original of this interesting evaluation of the League's past and prospects has already been noted.

VERS LA PAIX ORGANISÉE. By R. H. de Lima Simoes. Paris: Sirey, 1932, 498 p. Fr. 30.

A general history of the peace idea followed by an extended account of the League organization, the progress of disarmament, the evolution of economic coöperation, etc.

LE PACTE DE LA SOCIÉTÉ DES NATIONS ET LA CONSTITUTION FRANÇAISE. By Germain Watrin. Paris: Éditions Internationales, 1932, 312 p.

The author shows the incompatibility of the Pact and the French constitution in matters of secret treaties and declarations of war and contends that, while it exists, the League Pact paralyzes the constitution.

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THE PERMANENT COURT OF INTERNATIONAL JUSTICE. By Alexander P. Fachiri. New York: Oxford University Press, 1932, 416 p. $4.75.

A second revised edition of a standard treatment first published in 1925.

MIEDZYNARODOWA OCHRONA MNIEJSZOŠCI. By Wladislaw Jósef Zaleski. Warsaw: Instytut Badaú Spraw Narodowościowych, 1932, 191 p.

An analytical study of the minorities problem. Half the book is devoted to documentary material.

DEUTSCHLANDS MILITÄRISCHE GLEICHBERECHTIGUNG. By Wilhelm Guido Regendanz and Alexander Werth-Regendanz. Berlin: Transmare, 1932, 158 p. M. 5.

One of the most scholarly expositions of the German view in the matter of armaments. The authors find that legally Germany need ask neither the League nor the World Court for permission to re-arm.

POLITICA MARITTIMA. By Oscar di Giamberardino. Bologna: Cappelli, 1932, 247 p. L. 15.

Lectures by an Italian naval officer, who reviews the policies of the great Powers and sets forth the justice of Italian claims to parity with France.

ALMANACH DE GOTHA. Gotha: Justus Perthes, 1933, 1,374 p.

The 170th issue of a standard genealogical and diplomatic annual.

General: Economic

THE WORLD IN AGONY. By Alfred Plummer. London: Griffin, 1932, 101 p. 2/6.

A concise diagnosis of the economic crisis.

CAPITALISM AND COMMUNISM: A RECONCILIATION. By Oscar Newfang. New York: Putnam, 1932, 296 p. $2.50.

The pros and cons of each system, with proposals for modifications in each.

THE COMING STRUGGLE FOR POWER. By John Strachey. London: Gollancz, 1932, 399 p. 9/.

Enthusiastic uncritical glorification of communism as the only solution of the crisis.

ATLANTIC LETTERS ON WORLD AFFAIRS. By Sir Arthur Duckham. London: Eyre, 1932, 114 p. 5/.

In the form of letters to his wife, a prominent British industrialist gives a compact explanation of the economic system and its defects.

DIE URSACHEN DER KRISE. By F. Somary. Tübingen: Mohr, 1932, 122 p. M. 4.20.

A collection of essays on the situation in world trade, by a well-known authority.

DIE LÖSUNG DER WELTKRISE. By Wilhelm Schlosshardt. Oppeln: Muschner, 1932, 190 p. M. 2.40.

The author believes the solution of the crisis will be found in protection of home markets.

FACTS AND FACTORS IN ECONOMIC HISTORY. By former students of Edwin Francis Gay. Cambridge: Harvard University Press, 1932, 767 p. $6.00.

A notable volume, containing a number of articles bearing upon modern economic problems.

PFUNDSTURZ UND WELTKRISE. By E. Schultze. Leipzig: Deutsche Wissenschaftliche Buchhandlung, 1932, 158 p. M. 5.50.

A scientific analysis of the effects of the collapse of the pound on British economic life and on the rest of the world.

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MONEY AND THE PRICE LEVEL. By F. M. Huntington-Wilson. New York: Century, 1932, 222 p. $2.00.

The author discusses the financial crisis and makes suggestions for raising the world price level as the indispensable step towards recovery.

CARTELS, CONCERNS AND TRUSTS. By Robert Liefmann. New York: Dutton, 1932, 379 p. $6.00.

The translation of a standard German treatise on the forms of industrial combination.

THEORY OF THE CREDIT STANDARD. By Hans Glückstadt. London: King, 1932, 345 p. 15/.

An important theoretical contribution. The author, convinced that the crisis is primarily monetary in character, examines the possible bases of a new monetary system.

DIE VERSORGUNG DER WELTWIRTSCHAFT MIT BERGWERKSERZEUGNISSEN. By M. Meisner. Stuttgart: Emke, 1932, 443 p. M. 47.

Volume II of an exhaustive treatment of minerals in world trade. The author here covers the period from 1920 to 1930.

BILAN DE PROTECTION AGRICOLE. CAFÉ, 1933. By Léon Regray. Paris: Éditions Géographiques, 1932, 146 p.

A most interesting study of control of production in Brazil during the last ten years, and its reaction on the production of coffee in the rest of the world.

WORLD AGRICULTURE. New York: Oxford University Press, 1932, 314 p. $3.50.

The report of a study group of the Royal Institute of International Affairs, giving a survey of agricultural conditions and policies throughout the world.

THE BANK FOR INTERNATIONAL SETTLEMENTS AT WORK. By Eleanor Lansing Dulles. New York: Macmillan, 1932, 643 p. $5.00.

This is one of the scholarly monographs published under the auspices of the Bureau of International Research of Harvard and Radcliffe. The author has spent much time in Basel, has collected a mass of material, and her book is unquestionably the most exhaustive study of the first two years of the bank's activities. It approaches the problem from a broad angle, putting the bank into the larger setting of the reparations question and the general economic crisis. Much statistical matter is contained in the appendices.

International Relations of the United States

THE UNITED STATES IN WORLD AFFAIRS, 1932. Prepared by Walter Lippmann with the assistance of the Research Staff of the Council on Foreign Relations. New York: Harper, 1933, 355 p. $3.00.

This is the second volume of a most important and interesting series. It covers concisely yet with vision, promptly yet accurately and with sufficient statistical background, the current international relations of the United States, especially as they have been affected during 1932 by the deepening economic crisis, the war debts and reparations, currency and exchange problems, trade barriers, disarmament, and events in Latin America and the Far East. Mr. Lippmann, whose enlightened comments on current problems need no fresh eulogy, has been assisted by William O. Scroggs and Charles Merz. There is much valuable material in the appendix.

DIE VEREINIGTEN STAATEN. By Friedrich Schönemann. Stuttgart: Deutsche Verlagsanstalt, 1932, 2 v. M. 21.60.

The author formerly taught German literature at Harvard. His first volume is historical, while the second offers a general survey of present-day American civilization.

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CAN AMERICA STAY AT HOME? By Frank Herbert Simonds. New York: Harper, 1932, 387 p. $3.00.

A well-known American correspondent with a gift for vigorous expression examines the present status of American isolation.

GLI STATI UNITI DALL' ISOLAMENTO ALL' INTERVENTO NELLA GUERRA MONDIALE. By C. Marchiori. Pavia: Treves, 1932, 151 p. L. 15.

A general review of the history of the Monroe Doctrine and American abstention from European affairs, together with a discussion of our intervention in the war. While containing nothing new, the book will prove useful to Italian readers.

THE POLICY OF THE UNITED STATES WITH RESPECT TO THE LEAGUE OF NATIONS. By Clarence A. Berdahl. Geneva: Kundig, 1932, 129 p. Fr. 7.

One of the publications of the Institute of International Studies. The author, a professor at the University of Illinois, gives a succinct, documented account of America's part in the foundation of the League, of American attitude towards the League since 1920, and of the various phases of coöperation.

WHAT AMERICA OWES EUROPE. By Francis Gribble. London: Hurst, 1932, 188 p. 3/6.

Going back to the repudiation of state debts and the Alabama claims, the author writes a clever if exaggerated history of our huge moral indebtedness to Europe.

LA COMMISSION DES DOUANES ET LA POLITIQUE COMMERCIALE DES ÉTATS UNIS. By Baron Snoy et d'Oppuers. Brussels: Édition Universelle, 1932, 283 p.

A suggestive discussion of the evolution of the tariff commission, the influence of vested interests in the determination of tariffs, etc.

FINANCIAL CONDITION AND OPERATIONS OF THE NATIONAL GOVERNMENT, 1921–1930. By W. F. Willoughby. Washington: Brookings Institution, 1931, 234 p. $3.00.

The best scholarly survey, containing a mass of statistical and graphic material.

The World War

RAUM UND VOLK IM WELTKRIEGE. By Ewald Banse. Oldenburg: Stalling, 1932, 424 p. M. 4.80.

The work of an eminent German geographer. The author discusses the influence of terrain, communications, etc., as well as the general military geography of the war.

THE ANTECEDENTS OF POST WAR EUROPE. By Henry Wickham Steed. Geneva: Kundig, 1932, 123 p. Fr. 7.

Lectures at the Institute of International Studies by the former foreign editor of the *Times*. The lectures give a survey primarily of the evolution of the Hapsburg problem in the century before the war, and reflect the author's well-known views.

THE ROAD TO RUIN IN EUROPE, 1890–1914. By Sir Raymond Beazley. London: Dent, 1932, 128 p. 3/6.

A revisionist account of the diplomatic background of the war, containing little that is new.

EUROPEAN DIPLOMATIC HISTORY, 1871–1932. By Raymond J. Sontag. New York: Century, 1933, 425 p. $3.50.

Written by a competent scholar, this text gives a reliable survey of European diplomacy in the period covered. On the whole, one of the best introductory accounts.

KRIEGSURSACHEN UND KRIEGSSCHULDFRAGE. By Werner Naef. Berne: Haupt, 1932, 189 p. M. 5.20.

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Lectures by a Swiss professor, giving a well-informed and fair review of the policies of the Great Powers in the July crisis.

LES ORIGINES ET LES RESPONSABILITÉS DE LA GUERRE MONDIALE. By Léon Savadjian. Paris: Revue des Balkans, 1932, 68 p. Fr. 12.

A brief interpretation of the events of 1914, with an account of some conversations on war origins which the author had with Pašić in 1920.

DIE VERANTWORTLICHEN IM WELTKRIEG. By Erich Czech-Jochberg. Leipzig: Koehler, 1932, 235 p. M. 2.85.

Statesmen on both sides as seen by a German journalist.

AUSTRO-GERMAN DIPLOMATIC RELATIONS, 1908–1914. By Oswald Henry Wedel. Stanford: Stanford University Press, 1932, 233 p. $3.00.

A careful scientific study of the alliance in the larger setting of the Central European problem. The author makes full use of the German and Austrian documents, as well as of memoir and newspaper material.

L'ARCHIDUC FRANÇOIS FERDINAND. By Maurice Muret. Paris: Grasset, 1932, Fr. 20.

Not a sensational book, but a conscientious study of the Archduke as he appears in the light of modern knowledge.

ERINNERUNGEN UND GEDANKEN. By Graf A. Monts. Berlin: Kulturpolitik, 1932, 606 p. M. 16.80.

The memoirs of a former German ambassador, containing much valuable material besides a *ex post facto* criticism of German policy, especially of Bülow and Stresemann. Like Bülow's memoirs, this work is highly colored and prejudiced.

DEUTSCHLANDS SCHICKSALSBUND MIT OESTERREICH-UNGARN. By A. von Cramon and P. Fleck. Berlin: Kulturpolitik, 1932, 231 p. M. 7.50.

In a sense this is a reply to Werkmann's "Deutschland als Verbündeter." Cramon was German representative at Austrian headquarters, and has much of value to say about Austrian policy. An important contribution to the peculiar recriminations between the former allies.

LES ARMÉES FRANÇAISES DANS LA GRANDE GUERRE. Paris: Imprimerie Nationale, 1932, 3 v. Fr. 500, 650, 790.

The three new volumes of the French official history are the following: Tome V, volume I, covering the period November 1916 to May 1917; Tome VI, volume I, the preparation of the campaign of 1918 and the German offensive on the Oise; Tome IX, two volumes, the colonial campaigns in Africa.

DAS ENDE DES KAISERLICH RUSSISCHEN HEERES. By Count Lelie Spannocchi. Vienna: Elbemühl, 1932, 229 p. M. 5.

Utilizing the materials in the Vienna archives, as well as the Russian sources and personal observation, the author gives a detailed and valuable account of the disintegration and demoralization of the Russian forces from 1916 on. The book is also a distinct contribution to the history of the Russian Revolution.

AVEC JOFFRE D'AGADIR À VERDUN. By General Alexandre. Paris: Berger-Levrault, 1932, 256 p. Fr. 20.

The author, for five years Joffre's *chef de cabinet*, supplies a valuable supplement to the Marshal's memoirs.

VERDUN. By General G. Becker. Paris: Berger-Levrault, 1932, 116 p. Fr. 12.

A scientific study of the epic struggle, by a French general of division.

1915, L'ANNÉE SANGLANTE. By Gaston Gros. Paris: Baudinière, 1932, Fr. 12.

A study of operations which is very severe on Joffre.

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DAS WAR DAS ENDE. By Bruno Brehm. Munich: Piper, 1932, 500 p. M. 4.40.

A detailed narrative of events on the German side, from the Treaty of Brest-Litovsk to the Treaty of Versailles.

LE 11 NOVEMBRE. By General Weygand. Paris: Flammarion, 1932, 192 p. Fr. 10.

A popular account of the armistice, by a famous French commander who was present at the negotiations.

VERSAILLES. By Wilhelm Ziegler. Hamburg: Hanseatische Verlagsanstalt, 1932, 271 p. M. 5.50.

An up-to-date history of the peace negotiations, based on all available materials.

THE BIG BLOCKADE. By E. Keble Chatterton. London: Hurst, 1932, 287 p. 18/.

Primarily the story of the Tenth Cruiser Squadron and its remarkable blockade work off the northern coast of Scotland.

LE ALI DELLA GUERRA. By Giorgio Bompiani and Clemente Prepositi. Milan: Mondadori, 1932, 433 p. L. 26.

Aviation during the war: a systematic account, the second part being devoted to the Italian operations against Austria.

COMMENT LA ROUMANIE S'EST DÉTACHÉE DE LA TRIPLICE. By Nicolai Iorga. Paris: Gamber, 1932, 78 p. Fr. 10.

An account based on the Austrian documents and on personal recollections, by the well-known Rumanian historian and statesman.

DIPLOMATICHESKA PODGOTOVKA NA NASHITE VOINI. By M. Madžarov. Sofia: Mir, 1932, 372 p.

The diplomatic preparation for the war in Bulgaria: a valuable collection of letters and telegrams.

GREEK MEMORIES. By Compton Mackenzie. London: Cassell, 1932, 588 p. 8/6.

Continues the author's well-known memoirs of British activities in Greece. This book has been confiscated by the British Government for revealing state secrets.

Western Europe

SLUMP! A STUDY OF STRICKEN EUROPE TODAY. By Hubert Hessell Tiltman. London: Jarrolds, 1932, 288 p.

The author of this volume, a British editor already known through his book "The Terror in Europe," has a gift for separating essentials from non-essentials. The present book is in the nature of an inquiry, dealing chiefly with Germany, but also taking up Austria, Czechoslovakia, France, Switzerland, the Low Countries and Denmark. Tiltman paints a heart-rending picture of conditions and drives home his statements with figures. At the same time he studies the transformations that have been taking place in the mentality of the continental peoples. It is no longer the danger of war that obsesses them, but rather the question of where to find daily bread and employment.

THE MODERN DILEMMA. By Christopher Dawson. London: Sheed, 1932, 113 p. 2/6.

A discussion of the problems and prospects of European unity.

LES FRÈRES ENNEMIS. By Count Carlo Sforza. Paris: Gallimard, 1933, 282 p.

The former Italian Foreign Minister discusses the principal geographical, economic and psychological causes of the post-war tension in Europe. The "enemy" brother-states of Europe whose relations he describes include, of course, France and Germany, France and Italy, and Italy and Jugoslavia. An interesting chapter is entitled "The Fourteen Points, the Armistice, the Treaty." (The German edition, "Die Feindlichen Brüder," is published by Fischer, Berlin.)

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CAN EUROPE RECOVER? By H. R. Knickerbocker. London: Lane, 1932, 308 p. 7/6.

A stimulating survey of European problems, by an American correspondent.

GEFÄHRDETES EUROPA. By G. Sinner. Stuttgart: Strecker, 1932, 147 p. M. 2.80.

The author is concerned chiefly with the industrialization of overseas countries and its effects on the industrial centers of Europe. An interesting essay.

L'EUROPE INQUIÈTE. By Roger Jean Gaulon. Paris: Rivière, 1932, 428 p. Fr. 25.

Another *enquête*, dealing with the political and economic woes of the whole continent.

LE FEU QUI COUVE EN EUROPE CENTRALE. By Henri Béraud. Paris: Éditions de France, 1932, Fr. 15.

A journalistic account of the *dessous* of central European politics, with stress on German aims and activities.

NATIONAL MINORITIES IN EUROPE. By Otto Junghann. New York: Covici-Friede, 1932, 121 p.

A brief but well-informed general survey of the whole European minorities problem as it emerged after the Versailles Treaty.

DÄNEMARKS RECHT AUF GRÖNLAND. By Knud Berlin. Königsberg: Gräfe und Unzer, 1932, 154 p. M. 5.

A translation of a Danish history of Danish and Norwegian relations to Greenland, Iceland and the Faroes.

FRANCE. By H. Berthélemy, J. Barthélemy, J. Basdevant, etc. Paris: Delagrave, 1932, 488 p. Fr. 36.

Volume III of the series "La Vie Juridique des Peuples." An authoritative survey of the political, social and legal structure of modern France.

OUR GENIAL ENEMY FRANCE. By Edwin D. Schoonmaker. New York: Long and Smith, 1932, 250 p. $2.50.

A critical discussion of France as a world power, with special reference to her relations with the United States.

LA FRANCE ET L'ALLEMAGNE DEPUIS DIX SIÈCLES. By Gaston Zeller. Paris: Colin, 1932, Fr. 12.

The French counterpart to Haller's "Thousand Years of Franco-German Relations." Written by a French professor.

CLEMENCEAU: SA VIE, SON OEUVRE. By Gustave Geffroy. Paris: Larousse, 1932, Fr. 45.

A lavishly illustrated biography, by one of the Tiger's intimates.

LA QUESTION DU TUNNEL SOUS LA MANCHE. By Paul Henry Gain. Paris: Rousseau, 1932, 300 p. Fr. 35.

The first systematic study of a much-discussed project.

LA STABILIZZAZIONE DEL FRANCO. By Mario Alberti. Milan: Stampa Commerciale, 1932, 231 p.

A competent general study of the stabilization of the franc and the further history of the French finances, with special reference to the concentration of gold.

DEVONS NOUS PAYER L'AMÉRIQUE? By Camille Aymard. Paris: Flammarion, 1932, 252 p. Fr. 12.

A presentation of the French view against payment of the debt, written for popular consumption.

TOWARD THE NEW SPAIN. By Joseph A. Brandt. Chicago: Chicago University Press, 1932, 435 p. $4.00.

A documented study of Spanish history in the 19th and 20th centuries, with particu-

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lar emphasis on the problems of federalism and republicanism, and the lessons of the first republic. One of the most informative and worth-while books in English.

ESPAÑO BAJO LA DINASTÍA DE LOS BORBONES. By Manuel Ciges Aparicio. Madrid: Aguilar, 1932, 482 p. Pes. 15.

A detailed history of the dynasty, from its beginning in 1701 to its fall in 1931.

LA CONSTITUTION ESPAGNOLE DE 1931. By Carlos A. d'Ascoli. Paris: Éditions Contemporaines, 1932, 200 p. Fr. 30.

A general account of the origins and sources of the constitution, with an analysis of its main features.

ITALIEN. By Maximilian Claar. Berlin: Zentralverlag, 1932, 104 p. M. 3.

A volume in the excellent little series, "Weltpolitische Bücherei," in which an authority on things Italian gives a popular survey of the political, social and economic system of Italy.

ITALY AND THE GREAT WAR. By Antonio Salandra. New York: Longmans, 1932, 382 p. $6.00.

The translation of the first volume of the important memoirs of the former premier.

MUSSOLINI EN CHEMISE. By Armando Borghi. Paris: Rieder, 1932, 244 p. Fr. 15.

A socialist who knew Mussolini in his stormy days gives his version of what wrought the change in the Duce's views.

TALKS WITH MUSSOLINI. By Emil Ludwig. Boston: Little, Brown, 1933, 237 p. $2.75.

The Italian Dictator interviewed and described by a popular biographer.

DIECI ANNI DI FASCISMO. By F. Ciarlantini. Lanciano: Carabba, 1932, 222 p. L. 10.

A survey of accomplishments in the decade following the march on Rome.

GOVERNMENT AND POLITICS OF ITALY. By Henry Russell Spencer. Yonkers: World Book Company, 1932, 319 p. $1.60.

A reliable introductory text, in the "Government Handbooks" series.

L'ALTO ADIGE NOSTRO. By G. Cucchetti. Bolzano: Brennero, 1932, 350 p. L. 10.

A collection of essays and writings on the Trentino during the years 1922 to 1932.

OESTERREICH IN GEFAHR. By Siegmund Kaff. Vienna: Perles, 1932, 153 p. M. 2.50.

Yet another presentation of the desperate position of Austria.

IGNAZ SEIPEL. By Bernhard Birk. Regensburg: Manz, 1932, 280 p. M. 3.50.

A biographical study of the Austrian statesman, with emphasis on his European policy.

THE GERMAN PHOENIX. By Oswald Garrison Villard. New York: Smith and Haas, 1933, 358 p. $2.50.

A sympathetic and interesting evaluation of the work of the German Republic, by the contributing editor of the New York "Nation."

GERMANY PUTS THE CLOCK BACK. By Edgar Ansel Mowrer. New York: Morrow, 1932, 325 p. $2.50.

A stimulating book, centering on the theme of the collapse of democracy and the revival of the militarist state.

AM GRABE DER PARTEIHERRSCHAFT. By Graf Kuno Westarp. Berlin: Stilke, 1932, 132 p. M. 1.50.

The bankruptcy of the parliamentary system as seen by a German nationalist leader.

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FALL OF THE GERMAN EMPIRE, 1914–1918. By Ralph Haswell Lutz. Stanford: Stanford University Press, 1932, 2 v. $12.00.

A large and valuable collection of contemporary material on German domestic and foreign policy during the war and on the German Revolution.

DER WEG KAISER WILHELMS II VOM THRON IN DIE FREMDE. By Alfred Niemann. Stuttgart: Union, 1932, 112 p. M. 2.80.

The Emperor in the revolution. A new version of the collapse, by one of the best-known apologists of the exiled ruler.

DER KAISER IM ENGLISCHEN URTEIL. By Dora von Beseler. Stuttgart: Cotta, 1932, M. 3.

A compilation of opinions of the Emperor as expressed in documents, biographies, press accounts, etc.

GROSSADMIRAL VON TIRPITZ. By Vice Admiral Adolf von Trotha. Breslau: Korn, 1932, 181 p. M. 4.50.

A reconsideration of the naval problem, with special attention to its place in the general imperial idea.

1918–1919. WEHEN DER REPUBLIK. By Wilhelm Reinhard. Berlin: Brunnen, 1932, 133 p. M. 2.50.

Recollections of a German officer who was commandant of Berlin and leader of the volunteers in the revolution. The story is carried down to the Kapp Putsch of 1920. An important contribution.

HITLER: L'HOMME QUI VIENT. By Gabriel Roger. Paris: Spès, 1932, 187 p.

Journalistic, but clear and well-informed. The author forecasts a Hitler régime followed by another revolution.

SCHLEICHERS AUFSTIEG. By Kurt Caro and Walter Oehme. Berlin: Rowohlt, 1933, 271 p. M. 4.80.

Schleicher as the representative of the counter-revolution.

IN DER GROSSEN KURVE. By Hermann Ullmann. Berlin: Rüdiger, 1933, 118 p. M. 2.80.

A thoughtful, critical essay on German lack of political sense as demonstrated by the events of the last years, together with proposals for constitutional and other changes to save the liberal régime.

KAMPF UM DEUTSCHLAND. By Gregor Strasser. Munich: Eher, 1932, 390 p. M. 5.50.

Speeches and essays of one of Hitler's chief lieutenants.

GESCHICHTE DES NATIONALSOZIALISMUS. By Konrad Heiden. Berlin: Rowohlt, 1932, 296 p. M. 4.80.

A general history of the National Socialist idea and movement.

NATIONALE AUSSENPOLITIK. By F. Mariaux. Oldenburg: Stalling, 1932, 84 p. M. 1.

A rather brilliant essay, the author arguing that a revision of the Weimar Constitution must precede the revision of the Versailles Treaty and that only a unified Germany can lead the way to a united Europe.

UM DES REICHES ZUKUNFT. By Walter Gerhart. Freiburg: Herder, 1932, 211 p.

An attempt to get down to fundamentals, and a most interesting essay on the forces at work in Germany since the revolution, with special reference to the Nazi movement.

WETTER IM OSTEN. By Heinrich Hauser. Jena: Diederichs, 1932, 235 p. M. 3.60.

Lively, informing and well-illustrated studies of conditions and problems in East Prussia at the present time.

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LE SLESVIG, LE DROIT DES PEUPLES ET LE TRAITÉ DE VERSAILLES. By Jacques de Coussange. Paris: Pedone, 1932, 280 p. Fr. 40.

The author enlarges on the inadequacy of the peace settlement as regards Schleswig, and on the tribulations of the Danish minority in German territory since the war.

L'ALLEMAGNE ET LA PAIX. By Roger de Wyss. Paris: Georg, 1932, Fr. 25.

German foreign policy in the last fifteen years as revealed by the documents, which, as usual, prove the author's viewpoint.

DAS DEUTSCHE HERR. By Albert Benary. Berlin: Etthofen, 1932, 331 p. M. 2.85.

A popular, beautifully illustrated survey of the German Army.

Eastern Europe

UNDER CZAR AND SOVIET. By John Wynne Hird. London: Hurst, 1932, 237 p. 12/6.

The author was for thirty years in business in South Russia, and his account is interesting and convincing, especially as to conditions of life under the Soviet system.

BRITISH AGENT. By R. H. Bruce Lockhart. New York: Putnam, 1933, 354 p. $2.75.

Lockhart was in the consular service in Moscow during the war, and in 1918 acted as special agent in negotiations with the Bolsheviks. His book is certainly one of the most valuable studies of the evolution of Russian opinion during the war, of the gradual discrediting of the monarchy, of the revolution and the Kerensky régime. Most important, however, is his narrative of negotiations with Lenin, Trotsky and other Bolshevik leaders, of whom he gives vivid pen pictures. He was in favor of Allied intervention with the consent of the Bolsheviks, but was eventually overruled and placed for a time in danger of his life. Enough has been said to indicate the nature of the book and to point out its considerable value for all students of the Russian overturn.

DAYS WITH LENIN. By Maxim Gorki. New York: International Publishers, 1932, 64 p. 75 cents.

An intimate picture of the revolutionary, drawn by one of Russia's great literary figures.

LENIN. By O. M. Hoffmann. Berlin: Hendriock, 1932, 96 p.

An impartial sketch, containing a good brief survey of the literature on Lenin.

WITH DENIKIN'S ARMIES. By John Ernest Hodgson. London: Williams, 1932, 195 p. 7/6.

A vivid picture of the turmoil of the counter-revolution in South Russia, but adding little to our knowledge.

LE CARACTÈRE ET LA SITUATION INTERNATIONALE DE L'UNION DES SOVIETS. By Otto Hoetzsch. Geneva: Kundig, 1932, 104 p. M. 6.

Lectures at the Institute of International Studies, by a German authority on Russia.

LA RUSSIA DI FRONTE ALL'EUROPA. By R. Longhitano. Catania: Rinnovamento, 1932, 182 p. L. 10.

An outline account of the conflict of Westernism and Slavophilism in pre-war Russia, followed by an analysis of the problem of nationalities under the Soviet régime.

RED RUSSIA ARMS. By John Baker White. London: Burrup, 1932, 152 p. 3/6.

Though marked by an alarmist tendency, this is a useful compilation.

RUSSIA IN TRANSITION. By Elisha Michael Friedman. New York: Viking, 1932, 648 p. $5.00.

The volume, described as "the first book on Russia by an American business man

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written for business men," is a most detailed appraisal of the Soviet program as laid down in the Five Year Plan, and a cool estimate of the outcome. The results, according to the author, have been largely intangible: "There is an abundance of idealism but a shortage of material comforts. There are lots of hopes but a lack of satisfactions. There is great impatience but slow growth. There is much experimentation but little achievement. There is gross inefficiency but gradual learning." These conclusions, which have been frequently expounded by others, are here borne out with a wealth of factual material. The author pleads for a revision of the American attitude and policy.

SOVIET RUSSIA AS I SAW IT. By William Josephus Robinson. New York: Free Thought Press, 1932, 224 p. $2.00.

The accomplishments, crimes and stupidities of the present régime.

RUSSIAN MINDS IN FETTERS. By Stanislaw Mackiewicz. London: Allen and Unwin, 1932, 184 p. 6/.

The Polish original of this interesting psychological study has already been noted.

DER NATIONALISMUS IN DER SOWJETUNION. By Hans Kohn. Frankfurt: Societätsverlag, 1932, 150 p. M. 2.70.

A fascinating little essay by the leading historian of nationalism in the Near East. The author stresses the important part of the Soviet nationalities policy in the larger program of world revolution.

RED ECONOMICS. Edited by Gerhard Dobbert. Boston: Houghton, Mifflin, 1932, 351 p. $3.00.

Studies of recent developments by leading correspondents like Duranty, Chamberlin, Knickerbocker and others.

RUSSLAND VOR DEM ZWEITEN FÜNFJAHRPLAN. By Georg Kiser. Vienna: Arbeit und Wirtschaft, 1932, 143 p. M. 3.

Some of the results of the first plan, and the general lessons to be learned with respect to planning.

AGRICULTURAL RUSSIA AND THE WHEAT PROBLEM. By Vladimir P. Timoshenko. Stanford: Food Research Institute, 1932, 571 p. $4.00.

A detailed scholarly treatment of the Russian agricultural problem in the light of the pre-war history of wheat production. The most complete account in English.

ESSAI HISTORIQUE SUR LA SÉPARATION DE LA FINLANDE ET DE LA RUSSIE. By Delavoix. Paris: London, 1932, 125 p.

A doctoral dissertation reviewing the known facts of a rather obscure chapter of the revolutionary period.

GRUNDRISS DER GESCHICHTE DES ESTNISCHEN VOLKES. By Hans Kruus. Tartu: Akademische Kooperativ, 1932, 247 p. Kronau 4.

The best brief account of Estonian history available in a western language. Most of the book is devoted to a history of the period since 1800, with great stress on the nationalist movement and the agrarian problem.

POLSKA W CZASIE WIELKOJ WOJNY, 1914–1918. Edited by M. Handelsman. Warsaw: 1932, two volumes.

The social and economic history of Poland during the World War. A fundamental contribution.

DIE BEVÖLKERUNG POLENS. By J. Czech. Breslau: Marcus, 1932, 232 p. M. 18.

An analysis of the census of 1921, together with a discussion of the various nationalities of Poland and their problems. The book contains a valuable bibliography.

DZIATANIA WOJENNE NAD DOLNĄ WISLĄ W 1920 r. By Z. Bohusz-Szysko. Warsaw: 1931, 139 p.

A technical study of the campaign on the Vistula in 1920.

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DAS PARLAMENT DER POLNISCHEN REPUBLIK VON 1919 BIS 1930. By H. Falkenthal. Stupowo: 1932, 96 p.

A doctoral thesis on the evolution of parliament during the confused first years of the republic.

UZKŘÍŠENÍ SAMOSTATNOSTI ČESKOSLOVENSKÉ. By J. O. Novotný. Praha: Topić, 1932, 2 v.

A monumental study of foreign and domestic aspects of the struggle for Czech independence.

IM NAMEN DES GESETZES. By E. Wisura. Dessau: Deutsche Hort, 1932, 240 p. M. 5.

The tribulations of a German in Bohemia who started out as an apostle of reconciliation but changed his mind.

THE INCREDIBLE BALKANS. By Konrad Bercovici. New York: Putnam, 1932, 265 p. $3.00.

A colorful but very superficial survey.

ISTOČNO PITANJE PRE I POSLE SVETSKOG RATA. By Lazo Sekulić. Novi Sad: Dunavske Banovine, 1932, 256 p.

A survey of the Eastern Question in the pre-war and post-war periods.

RUMANIA: ITS HISTORY, POLITICS AND ECONOMICS. By George Clenton Logio. Manchester: Sherratt and Hughes, 1932, 208 p. 6/.

Written by a British business man long resident in the Balkans, this little book gives a good survey of the post-war politics and economics of Rumania, with much quotation from the Rumanian press.

SUPT TREI REGI. By Nicolai Iorga. Bucharest: Datina Românească, 1932, 462 p. Lei 120.

Covering the period from 1904 to 1930, the well-known Rumanian historian and statesman reviews the tremendous changes wrought by the war and the development of the country since the war. The book may be taken as a continuation of his "History of Roumania."

PORTRETE ŞI AMINTIRI. By I. G. Duca. Bucharest: Cartea Românească, 1932, 139 p. Lei 45.

Articles and lectures on the Bratianus, Ionescu, Filipescu and other statesmen, by the present leader of the National Liberal Party.

TAKE IONESCU. By Constantin Xeni. Bucharest: Universul, 1932, 500 p. Lei 150.

A biography of the late Rumanian statesman by one who knew him personally.

S. H. S. By Alessandro Melchiori. Rome: Luzzatti, 1932, L. 2.

The history of Jugoslavia from 1914 to the present, as seen by a Fascist, with emphasis on the alleged deceitfulness of Serbian policy.

LA DICTATURE DU ROI ALEXANDRE. By Svetozar Pribitchévitch. Paris: Éditions Contemporaines, 1932, 384 p. Fr. 30.

A hostile volume by a volatile leader of the Croatian irreconcilables, purporting to be based upon "documents inédits."

LA DIFESA DEL DIRITTO. By Krsto J. Nikovich. San Marino: Balda, 1932, 113 p. L. 10.

A doctoral thesis by a Montenegrin, giving a heavily documented account of how the Serbs carried out the great plot against Montenegrin independence.

L'ABDICATION DU SOLEIL. By Albert Lantoine. Paris: Nourry, 1932, 160 p.

Travel impressions and reflections on Bulgaria, with interesting discussion of the Macedonian problem, Balkan federation, the rôle of France, etc.

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QUATRE MOIS CHEZ LES COMITADJIS. By A. Den Doolard. Paris: Éditions Contemporaines, 1932, Fr. 12.

A historical and descriptive sketch, with stress on the sensational.

The British Commonwealth of Nations

A MODERN HISTORY OF ENGLAND, 1485–1932. By G. R. Stirling Taylor. New York: Peter Smith, 1932, 352 p. $4.00.

An essay in revaluation, especially of the 19th century liberalism. Contains some good things, not all new.

FIFTY YEARS. New York: Dial, 1932, 223 p. $3.50.

Britain in the past half century, as it appears in brief essays by 27 contributors to the London *Times*.

JUST THE OTHER DAY. By John Collier and Ian Long. New York: Harper, 1932, 317 p. $3.00.

The English counterpart of Allen's "Only Yesterday," and hardly as successful.

THE CLASS STRUGGLE IN BRITAIN IN THE EPOCH OF IMPERIALISM. By Ralph Fox. London: Lawrence, 1932, 96 p. 1/.

The first volume, covering the years 1880–1914, of a communist outline.

BRITONS IN PARTNERSHIP. By L. St. Clare Grondona. London: Dickson, 1932, 188 p. 3/6.

A program for the rational development of the Empire.

THE GREATER BRITAIN. By Sir Oswald Mosley. London: B.U.F., 1932, 160 p. 2/6.

A suggestive essay by the somewhat erratic leader of the so-called Fascists. Mosley wants no dictatorship, but a development of the corporative idea.

THE LIFE OF HERBERT HENRY ASQUITH, LORD OXFORD AND ASQUITH. By J. A. Spender and Cyril Asquith. London: Hutchinson, 1932, 2 v. 36/.

The standard life of the British statesman, and an important contribution to the history of England in the war period.

AMID THESE STORMS. By Winston Leonard Spencer Churchill. New York: Scribner, 1932, 319 p. $3.50.

Odds and ends, nicely written, but disappointing to those who remember "A Roving Commission."

BATTLE: THE LIFE STORY OF THE RT. HON. WINSTON S. CHURCHILL. By Hugh Martin. London: Low, 1932, 256 p. 10/6.

Uncritical hero-worship. A book of no importance.

FOREIGN POLICY FROM A BACK BENCH, 1904–1918. By T. P. Conwell-Evans. New York: Oxford University Press, 1932, 185 p. 7/6.

A rather significant contribution to the study of how foreign policy is made. The book is based upon the papers of Lord Noel-Buxton, one of the prominent Bulgarophile members of the so-called Balkan Committee, and shows how pressure could be brought upon the foreign office and how public opinion could be made. Most of the volume is devoted to a discussion of Anglo-German relations from 1904–1914, war diplomacy in the Balkans (the most important part), and various other aspects of war-time policy.

IMPERIAL DEFENCE AND CAPTURE AT SEA IN WAR. By Admiral Sir H. W. Richmond. London: Hutchinson, 1932, 288 p. 10/6.

A collection of two series of lectures, the first giving a brilliant and authoritative discussion of imperial defense problems, by one of England's outstanding exponents of the subject.

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HEERESAUFBAU UND HEERESPOLITIK ENGLANDS VOM BURENKRIEG BIS ZUM WELTKRIEG. By Paul Kluke. Munich: Oldenbourg, 1932, 208 p. M. 8.50.

The first scholarly study of the evolution of British military policy and of the British army in the pre-war period. A very useful addition to the literature on pre-war Europe.

BRITAIN'S AIR PERIL. By C. C. Turner. London: Pitman, 1932, 143 p. 5/.

The author stresses not only the danger of neglect of the air forces, but the rôle to be played by the Air Force in a future crisis.

LE COMMERCE EXTÉRIEUR DE LA GRANDE BRETAGNE DEPUIS LA GUERRE. By Gilbert-Courtois de Vicose. Paris: Sirey, 1932, 662 p. Fr. 80.

An exhaustive study of British trade, with much statistical matter.

ENGLANDS AUFSTIEG UND GEFÄHRDUNG IN DER WELTWIRTSCHAFT. By Christian Eckert. Berlin: Junker and Dünnhaupt, 1932, 66 p. M. 2.80.

A brief historical sketch of British trade and colonial policy, the rise of the middle class, and the effects of the war on empire and trade.

IRELAND FOREVER. By Brigadier-General F. P. Crozier. New York: Peter Smith, 1932, 302 p. $2.50.

Reminiscences of a military man closely bound up with Irish affairs.

THE CONSTITUTION OF THE IRISH FREE STATE. By Leo Kohn. London: Allen and Unwin, 1932, 439 p. 16/.

An authoritative scholarly treatment of the constitution.

POLITICAL INDIA, 1832–1932. Edited by Sir John Cumming. New York: Oxford University Press, 1932, 332 p. $1.25.

A coöperative topical survey by a group of noted experts, aiming to put present conditions in their historical setting.

INDIAN PROBLEMS. By Lord Irwin. London: Allen and Unwin, 1932, 378 p. 12/6.

Speeches and addresses of the former Viceroy.

THE TWO INDIAS. By B. R. Beotra. London: Sweet, 1932, 121 p. 11/6.

An historical outline of the treaty relations between the dominant power and the native states.

GANDHI VERSUS THE EMPIRE. By Haridas T. Muzumdar. New York: Universal Publishing Company, 1932, 352 p. $3.50.

A sympathetic study of the man and his teaching.

The Near East

GREY WOLF: MUSTAPHA KEMAL. By H. C. Armstrong. London: Barker, 1932, 352 p. 9/.

A well-informed, realistic, but unattractive picture of the Dictator and his system.

PALESTINE AS IT IS. By M. J. Landa. London: Goldston, 1932, 126 p. 3/6.

A sane and hopeful picture of the present situation. The author sees a gradual improvement in Arab-Jew relations.

PERSIA. By Sir Arnold T. Wilson. London: Benn, 1932, 416 p. 21/.

A first-class general survey, by the former British commander in Mesopotamia.

Africa

THE CITADEL OF ETHIOPIA. By Max Gruhl. New York: Peter Smith, 1932, 383 p. $4.00.

An interesting descriptive work.

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CIRENAICA PACIFICATA. By R. Graziani. Milan: Mondadori, 1932, 332 p. L. 30.
A beautifully illustrated account of the Italian accomplishment in Africa.

THE NEW BOER WAR. By Leonard Barnes. London: Hogarth, 1932, 238 p. 7/6.
Able and stimulating discussion of the political situation in South Africa.

The Far East

RE-THINKING MISSIONS. New York: Harper, 1932, 364 p. $2.00.
The report on missions in the Far East made by the Laymen's Foreign Mission Inquiry sent out by a number of Protestant denominations under the chairmanship of W. E. Hocking.

THE MAN WHO WENT ON BUSINESS. By Norman Tiptaft. Birmingham: Tiptaft, 1932, 147 p.
An interesting book, consisting largely of pertinent criticism of British policy in India and the Far East, and its effects on British trade.

STORM OVER ASIA. By Paul Hutchinson. New York: Holt, 1932, 310 p. $3.00.
The author, for many years a journalist in the Far East, gives a readable and comprehensible account of the situation in Japan, China, India and Russia, attempts to show the inter-relationship of recent events, and discusses the danger inherent in the Asiatic problem for the peace of the world.

THE LOOM OF THE EAST. By F. Kingdon-Ward. London: Hopkinson, 1932, 208 p. 5/.
Largely speculation, though of a well-informed and stimulating sort. The author foresees a further Russian advance in Central Asia, Japan progressing in China, Britain retiring to the south, China divided.

CAN NATIONS BE NEIGHBORS? By David Livingston Crawford. Boston: Stratford, 1932, 123 p. $1.50.
A discussion of Far Eastern and more particularly Pacific problems, by the President of the University of Hawaii.

RUSSIA AND ASIA. By Prince A. Lobanov-Rostovsky. New York: Macmillan, 1933, 334 p. $2.50.
Perhaps the best way to describe this volume would be as a useful introduction to Yakhontov's "Russia and the Soviet Union in the Far East." The latter deals very largely with the recent phases of Russian policy, while Prince Lobanov's book is almost entirely historical, only the last two chapters being devoted to the period of the revolution, counter-revolution and Soviet policy. For the rest, the English-speaking world will welcome so compact and well-written an outline of Russian interests and policy in Asia from the conquest of Siberia onward, the more so as the author takes a very broad view of his subject, discussing Russian activity in Asiatic Turkey, Persia, the Indian frontier, Central Asia and Mongolia, as well as China. Curiously enough, however, Prince Lobanov, like General Yakhontov, seems to neglect a number of important and highly interesting recent Russian publications, and does not seem to be wholly abreast of the technical literature.

LA MANDCHOURIE. By J. C. Balet. Paris: Payot, 1932, 224 p. Fr. 15.
The author, long resident in Manchuria, gives an excellent survey of the geography, resources and trade, and discusses recent happenings from a standpoint very sympathetic to the Japanese.

ESSAYS ON THE MANCHURIAN PROBLEM. By Shuhsi Hsü. Shanghai: China Council, Institute of Pacific Relations, 1932, 349 p.
A collection of essays and articles by a professor at the Yenching University, discussing in detail the evolution of the Sino-Japanese conflict.

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LA RECONNAISSANCE *DE JURE* DE LA RÉGENCE DE MANDCHOURIE. By E. de Vevre. Paris: Rousseau, 1932, 137 p. Fr. 20.

A thorough historical study of Chinese relations to Manchuria and the implications of the Nine Power Pact.

CHINA: THE PITY OF IT. By J. O. P. Bland. London: Heinemann, 1932, 358 p. 8/6.

A veteran writer on Chinese affairs who considers himself an outspoken realist gives a hopeless picture of Chinese demoralization and disintegration. He sees no way out excepting through the intervention of the friendly powers, but his suggestion will seem to some readers little more than a pious wish.

LAND AND LABOUR IN CHINA. By Richard Henry Tawney. New York: Harcourt, 1932, 207 p. $2.50.

The author was a member of the international committee that investigated Chinese education. He gives here an authoritative account of economic conditions and discusses the danger to China of scrapping the old culture and adopting western methods.

JAPANESE GOVERNMENT AND POLITICS. By Harold Scott Quigley. New York: Century, 1932, 454 p. $3.75.

Though the book is described as an "introductory study," it will strike the reader as considerably more, for it is a full and careful scholarly account of the Japanese governmental system, well-documented and revealing throughout a broad personal acquaintance with the subject. The author devotes relatively little space to the historical evolution of the system, but gives a complete analytical account of the constitution, the executive, and the judicial and civil services. Among the most interesting chapters are those dealing with the Diet, the elections and the political parties, and the government of Japan's overseas possessions. A hundred pages are devoted to the texts of important constitutional documents.

TWENTY YEARS IN TIBET. By David MacDonald. London: Seeley, Service, 1932, 318 p. 18/.

An informative book, by an author who was for many years British agent at Yatung.

HISTOIRE DES COLONIES FRANÇAISES. VOLUME V. L'INDOCHINE. By Henri Froidevaux, Alfred Martineau and Edmond Chassigneux. Paris: Plon, 1932, 600 p. Fr. 150.

Another volume of the splendid and authoritative history edited by Gabriel Hanotaux.

L'INDOCHINE. By A. de Pourvoirville, J. Sarraut, and others. Paris: Velin d'Or, 1932, 410 p. Fr. 150.

The first of five projected volumes on the French colonies, written in a popular way by authoritative writers.

DIE BEVÖLKERUNG DER PHILIPPINEN. By S. Lenk. Leipzig: Frommhold und Wendler, 1932, 154 p.

A doctoral dissertation forming an excellent anthropo-geographical study of the Philippines.

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SOURCE MATERIAL

By Denys P. Myers

PUBLIC DOCUMENTS OFFICIALLY PRINTED

Documents may be procured from the following: *United States:* Gov't Printing Office, Superintendent of Documents, Washington, D. C. *Great Britain:* British Library of Information, 270 Madison Ave., New York. *France:* Gerda M. Anderson, 12 Ave. Ernest Reyer, Paris XIV°. *League of Nations, Int. Labor Office, Perm. Court of Int. Justice* and *Int. Institute of Agriculture:* World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted. Since 1928 a list of Government documents has been printed in the *Monthly List of Books Catalogued in the Library of the League of Nations.*

ARMAMENT CONFERENCE

RECORDS of the Conference for the Reduction and Limitation of Armaments. Series A. VERBATIM RECORDS of Plenary Meetings. Volume I. February 2–July 23, 1932 (Pages 1–202). Geneva, 1932. 202 p. 33 cm. (League of Nations, 1932. IX. 60.) $2.00.

———. Series B. Minutes of the GENERAL COMMISSION. Volume I. February 9–July 23, 1932 (Pages I to VIII and 1–206). Geneva, 1932. 206 p. 33 cm. (League of Nations, 1932. IX. 64.) $2.00.

———. CONFERENCE DOCUMENTS. Volume I (Pages 1–282). Geneva, 1932. 282 p. 33 cm. (League of Nations, 1932. IX. 63.) $2.50.

Reprints in collected form, Documents Conf. D. 1–138, except for those in the *Particulars* series, and several other related groups.

NATIONAL PROPOSALS

CONFERENCE for the Reduction and Limitation of Armaments. Memorandum by the FRENCH Delegation. Geneva, 1932. 5 p. 33 cm. (League of Nations, Conf. D. 146. 1932. IX. 58.)

CONFERENCE for the Reduction and Limitation of Armaments. Proposal of the JAPANESE Government for the Reduction and Limitation of Naval Armaments. Geneva, 1932. 4 p. 33 cm. (League of Nations, Conf. D. 150. 1932. IX. 62.)

DECLARATION of the Policy of His Majesty's Government in the United Kingdom on Disarmament in connexion with Germany's Claim to Equality of Rights. London, 1932. 7 p. 24½ cm. (Miscellaneous No. 11 (1932) Cmd. 4189.) 2d.

GENERAL COMMISSION

(The General Commission of the Conference convened on September 21 after its adjournment of July 23, 1932, and continued to sit intermittently thereafter; the Bureau sat concurrently.)

CONFERENCE for the Reduction and Limitation of Armaments. Report submitted to the Bureau on the QUESTION OF SUPERVISION. In Execution of the Decision taken on September 22, 1932. Geneva, 1932. 12 p. 33 cm. (League of Nations, Conf. D. 140. 1932. IX. 53.)

———. Second Report on the QUESTION OF SUPERVISION. Approved by the Bureau on November 15, 1932. Geneva, 1932. 3 p. 33 cm. (League of Nations, Conf. D. 148. 1932. IX. 61.)

———. Report submitted to the Bureau on the Question of AIR FORCES. In compliance with the Decision taken on September 26, 1932. Geneva, 1932. 2 p. 33 cm. (League of Nations, Conf. D. 141. 1932. IX. 54.)

———. Report submitted to the Bureau on the PROHIBITION OF CHEMICAL WARFARE and Violations of the Prohibition to use Chemical, Bacteriological and Incendiary Weapons in Execution of the Decision of September 22, 1932. Geneva, 1932. 10 p. 33 cm. (League of Nations, Conf. D. 142. 1932. IX. 55.)

———. CHEMICAL, incendiary and bacterial weapons. Special Committee. Second Session (November 17 to December 13, 1932). President: M. Pilotti. Reply to the Questionnaire Submitted by the Bureau to the Special Committee. Geneva, 1932. 25 p. 33 cm. (League of Nations, Conf. D. 152. 1932. IX. 65.)

———. Committee for the Regulation of the TRADE IN, and Private and State Manufacture of, ARMS and Implements of War. Report on Progress of Work. Geneva, 1932. 6 p. 33 cm. (League of Nations, Conf. D. 145. 1932. IX. 59.)

CHINESE FINANCES

NATIONAL GOVERNMENT. Republic of China. Report for the 19th and 20th Fiscal Years, July 1930 to June 1932. Nanking, Ministry of Finance, 1932. 12 p. 26 cm.

"Since February, 1932, for the first time in the 21 years of the Republic, the Government has been able to balance its budget."

The second published report, addressed to the Central Executive Committee.

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COLOMBIA-PERU

MEMORANDUM. Prepared by His Excellency, Dr. Fabio Lozano Torrijos, Colombian Minister to the United States, relative to the various International Treaties on Boundaries that affect Colombia's definite position with respect to its boundary lines with Peru. Washington, Legation of Colombia, 1932. 10 p. (mimeograph). 33 cm.

MEMORANDUM submitted by the Government of Peru to the Permanent Committee of Washington, November 9, 1932. Washington, Embassy of Peru, 1932. 17 p. (mimeograph). 28 cm.

REPORT of the Geographical Society of Peru and of the Historical Institute of Peru on the Leticia Question. Washington, Embassy of Peru, 1932. 20 p. (mimeograph). 28 cm.

Correspondence is published, *inter alia*, in League of Nations *Official Journal* and Department of State *Press Releases*.

COURT OF INTERNATIONAL JUSTICE, PERMANENT

CASE of the Free Zones of Upper Savoy and the District of Gex. Judgment of June 7, 1932. Permanent Court of International Justice. XXVth Session. Leyden, 1932. 727 p. map. 25½ cm. (Series C, No. 58.) $5.80.

INTERPRETATION of the Convention of 1919 Concerning Employment of Women during the night. Permanent Court of International Justice. XXVIth Session. Advisory Opinion of November 15, 1932. Leyden, 1932. double p. 364–390. 24 cm. (Series A/B. Fascicule No. 50.)

TREATMENT of Polish Nationals and Other Persons of Polish Origin or Speech in the Danzig Territory. Permanent Court of International Justice. XXIIIrd Session. Advisory Opinion of February 4, 1932. Leyden, 1932. 488 p. 25½ cm. (Series C, No. 56.)

GUATEMALA-HONDURAS

GUATEMALA-HONDURAS Special Boundary Tribunal. Opinion and Award. Washington, Legation of Guatemala, 1933. 99 double p. 2 maps in pocket. 23½ cm.

HEALTH

HEALTH ORGANISATION. Enquiry into the QUININE Requirements of Malarial Countries and the World Prevalence of Malaria. Geneva, 1932. 89 p. 24 cm. (League of Nations, C. H./Malaria/185. 1932. III. 3.)

HEALTH ORGANISATION. Statistics of NOTIFIABLE DISEASES for the Year 1930. Geneva, 1932. 104 p. 32 cm. (League of Nations, E. I. 15.)

INTELLECTUAL COÖPERATION

Plan de Travail. 1933. Paris, 1932. p. 1065–1208. 22½ cm. (Coopération Intellectuelle, Bulletin publié chaque mois par l'Institut International de Coopération Intellectuelle de la Société des Nations, No. 20–21.)

IRISH FREE STATE-UNITED KINGDOM

PAPERS Relating to a Conference between Representatives of the United Kingdom and of the Irish Free State. Held in London: 14–15 October, 1932. London, 1932. 24 p. 24½ cm. (Cmd. 4184.) 4d.

ITALIAN SOMALILAND-KENYA

AGREEMENT recording the Decisions of the Commission appointed under the treaty between the United Kingdom and Italy of July 15, 1924, regarding the Boundary between Kenya and Italian Somaliland, Florence, December 17, 1927. London, 1933. 44 p. 24½ cm. (Italy No. 1 (1933) Cmd. 4230.) 9d.

AGREEMENT between the Local Commissioners appointed to settle certain points connected with the Demarcation of the Boundary between Kenya and Italian Somaliland as determined by the Commissioners under the Treaty between the United Kingdom and Italy of July 15, 1924, Isiolo/Kismayu, August 27, 1930. London, 1933. 7 p. 24½ cm. (Italy No. 2 (1933) Cmd. 4231.) 2d.

EXCHANGE of Notes between His Majesty's Government in the United Kingdom and the Italian Government regarding the control of Traffic in Game Trophies across the Frontier between Kenya and Italian Somaliland, Rome, November 26, 1932. London, 1933. 6 p. 24½ cm. (Treaty Series No. 1 (1933) Cmd. 4232.) 1d.

LABOR PROBLEMS

ABOLITION of Fee-Charging EMPLOYMENT AGENCIES. Second Supplementary Report. First Item on the Agenda. Geneva, 1932. 6 p. 24 cm. (International Labour Conference, Sixteenth Session, 1932.)

COLLECTIVE Agreements in Agriculture. Geneva, 1933. 122 p. 24 cm. (International Labour Office, Studies and Reports, Series K, No. 11.) 75 cents.

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INDUSTRIAL Relations in GREAT BRITAIN, by J. H. Richardson, M.A., Ph.D. Montague Burton Professor of Industrial Relations in the University of Leeds. Geneva, 1933. 272 p. 24 cm. (International Labour Office, Studies and Reports, Series A, No. 36.) Paper, $1.00; cloth, $2.00.

METHODS of Providing Rest and Alternation of SHIFTS in Automatic Sheet-Glass Works. Fourth Item on the Agenda. Geneva, 1933. 68 p. 24 cm. (International Labour Conference, Seventeenth Session, Geneva, 1933.)

NON-CONTRIBUTORY PENSIONS. Geneva, 1933. 140 p. 24 cm. (International Labor Office, Studies and Reports, Series M, No. 9.) 75 cents.

UNEMPLOYMENT Insurance and Various Forms of Relief for the Unemployed. Third item on the Agenda. Geneva, 1933. 299 p. 24 cm. (International Labour Conference, Seventeenth Session, Geneva, 1933.)

MANDATES

PERMANENT Mandates Commission. Minutes of the Twenty-Second Session. Held at Geneva from November 3 to December 6, 1932, including the Report of the Commission of the Council. Geneva, 1932. 376 p. 33 cm. (League of Nations, C. 772. M. 364. 1932. VI. A. 2.) $3.00.

RAPPORT Annuel adressé par le Gouvernement Français au Conseil de la Société des Nations. Conformément à l'article 22 du Pacte sur l'administration sous mandat du territoire du TOGO. Pour l'année 1931. Paris, 1932. 195 p. 31½ cm.

RAPPORT Annuel adressé par le Gouvernement Français au Conseil de la Société des Nations. Conformément à l'article 22 du Pacte sur l'administration sous mandat du territoire du CAMEROUN. Pour l'année 1931. Paris, 1932. 211 p. 31½ cm.

RAPPORT présenté par le Gouvernement Belge au Conseil de la Société des Nations au sujet de l'administration du RUANDA-URUNDI pendant l'année 1931. Brussels, Etablissements Émile Bruylant, 1932. 239 p. map. 31 cm.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of the CAMEROONS under British Mandate for the year 1931. London, 1932. 109 p. map. 24½ cm. (Colonial No. 76.) 4s. 6d.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of PALESTINE AND TRANS-JORDAN for the Year 1931. London, 1932. 210 p. 24½ cm. (Colonial No. 75.) 8s.

REPORT by Sir Sydney Armitage-Smith, K.B.E., C.B., on a Financial Mission to TANGANYIKA, 26 September, 1932. London, 1932. 137 p. map. 24½ cm. (Cmd. 4182.) 2s. 6d.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of TOGOLAND under British Mandate for the year 1931. London, 1932. 151 p. map. 24½ cm. (Colonial No. 77.) 5s. 6d.

MONETARY AND ECONOMIC CONFERENCE

MONETARY and Economic Conference. Draft Annotated Agenda Submitted by the Preparatory Commission of Experts. Geneva, 1933. 37 p. 26½ cm. (League of Nations, C. 48. M. 18. 1933. II. Spec. 1.)

MONETARY STABILIZATION

COMMISSION of Enquiry for European Union. Report by the Committee of Experts appointed to examine the Monetary Normalisation Fund Scheme. Geneva, 1932. 5 p. 33 cm. (League of Nations, C. 758. M. 357. 1932. II. A. 23.)

PERSIA-UNITED KINGDOM

DISPUTE between His Majesty's Government in the United Kingdom and the Imperial Government of Persia. Geneva, 1933. 15 p. 33 cm. (League of Nations, C. 43. M. 17. 1933. VII. 1.)

SINO-JAPANESE DISPUTE

MEMORANDA Presented to the Lytton Commission. By V. K. Wellington Koo, Assessor. New York, The Chinese Cultural Society, 1932. 2 vols. 940 p. 24½ cm. $3.00.

APPEAL by the Chinese Government. SUPPLEMENTARY DOCUMENTS to the Report of the Commission of Enquiry. Geneva, 1932. 280 p. 33 cm. (League of Nations, C. 663. M. 320. 1932. VII. Annexes. 14.)

APPEAL by the Chinese Government. OBSERVATIONS of the Japanese Government on the Report of the Commission of Enquiry. Geneva, 1932. 40 p. 33 cm. (League of Nations, C. 775. M. 366. 1932. VII. 15.)

APPEAL from the Chinese Government. COMMUNICATION from the Chinese Delegation. Geneva, 1932. 34 p. 33 cm. (League of Nations, A (Extr.) A. 155. 1932. VII. 16.)

SPECIAL SESSION of the Assembly of the League of Nations convened in virtue of Article 15 of the Covenant at the request of the Chinese Government. Special Committee set up under the Assembly's resolution of March 11, 1932. Minutes of the third- meeting, Thursday, December 1–, 1932– .

VERBATIM RECORD of the Special Session of the Assembly . . . Ninth– Plenary Meeting, Tuesday, December 6– , 1932– .

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MINUTES of the Sixty-Ninth Session of the Council (Part I). Held from Monday, October 3, to Monday, December 19, 1932. Appeal of the Chinese Government. (League of Nations, Official Journal, 13th year, No. 12, part I.)

"MANCHUKUO"

PROCLAMATIONS, Statements and Communications of the Manchoukuo Government. Hsinking, Manchuria, The Department of Foreign Affairs, 1932. 22 p. chart. 25½ cm. (Publications of the Department of Foreign Affairs Manchoukuo Government, Series No. 1.)

THE CHIEF EXECUTIVE'S Proclamation. The organic law of Manchoukuo and other laws governing various Government offices. Hsinking, Manchuria, November, 1932. 45 p. 25½ cm. (Publications of the Department of Foreign Affairs, Manchoukuo Government, Series No. 2.)

These documents were forwarded under Japanese postage.

UNITED STATES

PAPERS Relating to the Foreign Relations of the United States. 1917, Supplement 2, THE WORLD WAR. Washington, 1932. 2 vols., lxix, xxxviii, 1323 p. 23½ cm. (Publications of the Department of State, Nos. 388, 389.) Vol. I, $1.50; Vol. II, $1.00 (cloth).

Diplomatic correspondence covering the period of the country's entrance into the conflict and the origin of the intergovernmental debts.

PAPERS Relating to the Foreign Relations of the United States, 1918. RUSSIA (In three volumes) Volume III. Washington, 1932. xlii, 330 p. 23½ cm. (Publications of the Department of State, No. 390.) $1.00 (cloth).

Closes the series of correspondence with relation to the revolution and the Siberian expedition.

WAR DEBTS

AGREEMENT between His Majesty's Government in the United Kingdom and the Government of the United States of America respecting Payments Due from the United Kingdom to the United States, Washington, June 4, 1932 (In continuation of Cmd. 1912). London, 1932. 4 p. 24½ cm. (Treaty Series No. 36 (1932) Cmd. 4202) 1d.

The other agreements for refunding the payments suspended on account of the moratorium are printed in United States, *Report of the Secretary of the Treasury for the Fiscal Year ending June 30, 1932*, p. 290–307.

PROTOCOLS respecting Suspension of certain Inter-Governmental Debts, supplementary to Protocols and Declarations signed at London, August 11 and 13, 1931, and January 21, 1932, June–July 1932 (In continuation of "Miscellaneous No. 19 (1931)" (Cmd. 3947); "Bulgaria No. 1 (1932)" (Cmd. 4071); and "Hungary No. 1 (1932)" (Cmd. 4052)). London, 1932. 22 p. 24½ cm. (Miscellaneous No. 12 (1932) Cmd. 4206.)

DECEMBER PAYMENTS

(Notes exchanged with the United States were printed in Department of State *Press Releases*.)

NOTE Addressed by His Majesty's Government in the United Kingdom to the United States Government relating to the British War Debt, Washington, November 10, 1932. 3 p. 24½ cm. (United States No. 2 (1932) Cmd. 4192.) 1d.

NOTE Addressed by the United States Government to His Majesty's Government in the United Kingdom in Reply to a Note dated November 10, 1932, relating to the British War Debt, Washington, November 23, 1932. London, 1932. 3 p. 24½ cm. (United States No. 3 (1932) Cmd. 4203.) 1d.

FURTHER Note addressed by His Majesty's Government in the United Kingdom to the United States Government relating to the British War Debt, Washington, December 1, 1932. London, 1932. 14 p. 24½ cm. (United States No. 4 (1932) Cmd. 4210.) 3d.

FURTHER Note addressed by the United States Government to His Majesty's Government in the United Kingdom relating to the British War Debt, Washington, December 7, 1932. London, 1932. 6 p. 24¼ cm. (United States No. 5 (1932) Cmd. 4211.) 1d.

FURTHER Note addressed by His Majesty's Government in the United Kingdom to the United States Government relating to the British War Debt, Washington, December 11, 1932. London, 1932. 3 p. 24½ cm. (United States No. 6 (1932) Cmd. 4215.) 1d.

FURTHER Note addressed by the United States Government to His Majesty's Government in the United Kingdom relating to the British War Debt, Washington, December 11, 1932. London, 1932. 3 p. 24½ cm. (United States No. 7 (1932) Cmd. 4216.) 1d.

FURTHER Note addressed by His Majesty's Government in the United Kingdom to the United States Government relating to the British War Debt, Washington, December 12, 1932. London, 1932. 2 p. 24½ cm. (United States No. 8 (1932) Cmd. 4217.) 1d.

WAR PREVENTION

ARGENTINE Republic. Ministry of Foreign Relations and Worship. Draft of an Anti-War Treaty. Washington, Argentine Embassy, 1932. 27 p. 23¼ cm.

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